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Weekend

# FINANCIAL TIMES



Weekend FT  
Chapter I of the  
FT's serial thriller

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can be difficult



The voice of Christmas  
to the world

World Business Newspaper <http://www.ft.com> WEEKEND DECEMBER 21/DECEMBER 22 1996

**The FT's 12-part series continues on Monday**  
FT Mastering Enterprise  
Part Six: People and teams

## Irregularities claim in CalEnergy bid for UK utility

The UK takeover panel in effect stopped the clock on the £782m (\$1.3bn) hostile bid by CalEnergy of the US for British utility Northern Electric amid accusations of irregularities in the conduct of the bid. The result of the bid battle, which closed at 1pm yesterday, had been expected last night. Both sides disclaimed any responsibility for infringing Britain's takeover code.

**UK challenge to Beijing:** Britain threatened to take China to the International Court of Justice over its plan to replace Hong Kong's legislative council when the colony is handed over in July. Page 5

**American astronomer Carl Sagan dies**  
Carl Sagan (left), the American astronomer and gifted storyteller who extolled and explored the grandeur and mystery of the universe in his lectures, books and an acclaimed TV series, died of pneumonia at the age of 62 in a Seattle, Washington, hospital after a two-year battle with bone marrow disease. He won the Pulitzer Prize for nonfiction in 1978.

**Amec, the UK construction group, is to pay between £20m and £25m (\$33m and \$38m) for up to 45.6 per cent of Spie Batignolles of France, creating one of Europe's largest building and civil engineering companies. Page 6**

**Yeltsin back to work:** Boris Yeltsin will return to work at the Kremlin on Monday, seven weeks after a quintuple heart bypass operation. The Russian president has been largely absent since being re-elected for a second four-year term last July. Page 2

**Hachette buys Polish news chain:** Poland accepted a sole-bidder offer from a Hachette-led consortium for the country's biggest newsagent chain, Ruch SA, which has a 65 per cent market share through 17,000 outlets. Page 5

**Sweden to check for Nazi gold:** Sweden will launch an investigation into allegations by the World Jewish Congress that Nazi gold from the second world war found its way into the country's bank vaults.

**Turks to curtail gaming:** Necmettin Erbakan, Turkey's Islamist prime minister, said the country's casinos would be closed and a lottery discontinued due to concerns over their effect on Turkish society.

**Cambodian prince going home:** Prince Norodom Sihanouk says he cannot afford living in exile in France and will return to Cambodia, despite facing a 10-year sentence for allegedly plotting to kill second prime minister Hun Sen.

**Landmine ban:** Austria is to become the first state to ban anti-personnel landmines. A bill drafted by the Austrian Red Cross cleared its final hurdle and next year will prohibit their manufacture, use and possession.

**Century for Hussain:** England finished the third day of the first cricket test against Zimbabwe at Bulawayo on 306 for four, with Nasser Hussain 101 not out. Zimbabwe made 376 in their first innings.

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## EU ministers reach deal on plan to preserve stocks and safeguard industry Fishing quota cuts agreed

By Caroline Southey  
in Brussels

European Union fisheries ministers yesterday agreed modest reductions in fish catch quotas for 1997, after all-night talks to reduce cuts proposed by the European Commission.

Mrs Emma Bonino, commissioner for fisheries, collapsed from exhaustion after the 21 hours of negotiations.

Mrs Bonino, who was later recovering at home, had argued for larger reductions in catches on the grounds that

some fish stocks in EU waters were depleted and that action was necessary to safeguard the future of the industry.

"The reductions were not that big," an EU official admitted. "But for the first time there was unanimous agreement that there is over-fishing and over-exploitation."

However, conservationists said the agreement to dilute the Commission's proposal meant that the industry would be run down, hurting fishermen in the longer term.

In a complex deal, ministers agreed to cuts in total allow-

able catches (Tacs) on about 80 stocks, including cod, mackerel, North Sea herring, plaice and sole. For the rest of the 86 stocks subject to Tacs and quotas, there was little significant change to 1996 limits.

Tacs are set for certain stocks in particular areas. Quotas are the allocation of the Tacs to a particular member state on the basis of historical fishing patterns.

"With the exception of herring and mackerel, for which emergency measures have been taken, these figures are

only slightly changed in relation to 1996," the ministers said in a statement.

Mr Sean Barrett, the Irish marine minister, said the ministers had arrived at "sensible and pragmatic quotas". The negotiations had been "particularly complex with a lot of new elements".

A commission official said the biggest disappointment had been the rejection of a proposal to impose a Tacs on bluefish runs in the Mediterranean and the Atlantic, and on swordfish in the Atlantic. A Tacs has never been imposed in

the Mediterranean and the move was strongly resisted by Greece and Italy.

Ministers also rejected plans to impose restrictions on the fishing of sardines off the Iberian peninsula.

The final deal was agreed by all member states except Belgium and Sweden. Belgium wanted a quota of 23,000 tonnes for North Sea sole and Sweden wanted more cod under a compensation deal.

Continued on Page 24  
Fish deal may help PM to survive, Page 4

## CS Holding expects loss of \$1.6bn after big shake-up

By William Hall in Zurich

CS Holding, the biggest Swiss financial services group in terms of balance sheet, expects to lose Sfr2.1bn (\$1.6bn) in 1996 after deducting more than Sfr1bn for problem loans, restructuring charges and a change in its loan loss provisioning policy.

However, the group, built around the Credit Suisse bank, promised to hold its dividend.

CS, which announced in July a Sfr1bn charge to cover branch closures and job losses, yesterday said it was taking another Sfr3.9bn in extraordinary reserves, provisions and depreciation to cover a new credit risk provisioning policy, in addition to its normal provision of Sfr1.2bn. Without the extra provisions profits would have grown 17 per cent to Sfr1.8bn in 1996.

Analysts pointed out CS expected to cover the Sfr1bn cost of restructuring its domestic branch network with profits from the sale of its stake in Elektrowatt, the Swiss industrial conglomerate. Otherwise, the group's losses would have been Sfr1bn higher.

The group took the first step in realising the value of its 46 per cent stake in Elektrowatt by selling its 4m shares in Watt, Elektrowatt's electric utility business, to a consortium of Swiss and German utilities for about Sfr1bn. CS will retain a 15 per cent stake in Watt. CS shares closed unchanged at Sfr137, close to their year's high.

Yesterday's nominations also marked a slight shift to the left in the new administration. The main members of the domestic policy team, previously announced, include Mr Erskine Bowles, chief of staff, Mr Robert Rubin, who is

Continued on Page 24  
Utility shake-up, Page 5

## Peru makes pledge to US over hostages

Peruvian president Alberto Fujimori yesterday pledged to protect the lives of the 360 hostages held by left-wing guerrillas inside the Japanese ambassador's residence in Lima, as evidence emerged of deteriorating living conditions in the compound.

Mr Fujimori made the promise in a letter to US President Bill Clinton, as relatives of the hostages held a candlelight vigil (right) outside the compound.

Report, Page 24



## Clinton completes second-term cabinet

By Gerard Baker  
in Washington

US president Bill Clinton yesterday filled the final gaps in his second term cabinet, securing a delicate ethnic and political balance at top of the new administration.

Mr Federico Peña will move from transportation to energy, to be replaced by Mr Rodney Slater, the current federal

highway administrator.

Ms Alexis Herman, director of the White House office of public liaison, will take over from the departing Mr Robert Reich as labour secretary, and Mr Andrew Cuomo will move up from his current post as an assistant housing secretary to become secretary for housing and urban development. All four nominations are subject to confirmation by the Senate.

The president also announced the nomination of Ms Janet Yellen, a member of the Federal Reserve Board, to chair his council of economic advisers, replacing Mr Joseph Stiglitz who is to join the World Bank as chief economist early next year.

The appointments highlight the president's determination to maintain a strong representation of ethnic minorities

and women in cabinet.

Mr Peña had been widely expected to leave the cabinet, but his departure would have removed the only remaining Hispanic member, a move considered politically unwise given the size of the Hispanic community and the importance of its vote for the Democratic party.

Ms Herman and Mr Slater are both black. Mr Clinton's

cabinet of 14 members will include three black people, one Hispanic and four women.

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Continued on Page 24

## Japan drafts tight budget

By William Dawkins in Tokyo

Japan's finance ministry plans to tighten fiscal policy next year for the first time since the turn of the decade - a sign it is confident enough of economic recovery to start trimming the state's growing debts.

The ministry's draft 1997 budget raises spending by a nominal 3 per cent to ¥77,390bn (\$67.9bn) in the year starting next March, much lower than the 5.5 per cent rise the previous year.

Economists in Tokyo greeted the budget as a victory for the powerful finance ministry over the ruling Liberal Democratic party. The LDP was keen to increase public spending to boost a fragile economy, but the finance ministry warned this might risk damaging an already modest recovery.

Next year's tax revenues are

forecast by the ministry to grow by 12.5 per cent - having fallen this year - helped by a politically unpopular rise in sales tax from 3 per cent to 5 per cent from next April and an end to a temporary income tax cut.

The ministry assumes that tax income will be helped by a nominal 3.1 per cent rise in gross domestic product next year, higher than most private sector economists' forecasts.

The draft is to be adopted by the cabinet next Wednesday and presented to parliament next month. Only minor changes are expected before the budget becomes law.

Within the total, general spending on central government services is to rise by a nominal 1.5 per cent, to ¥65.5bn, a slight decline in real, inflation-adjusted terms.

As a result, the net budget

deficit is forecast to fall from 4.1 per cent of GDP this year to 2.5 per cent next, the first improvement in the government's financial balance since 1990. Outstanding gross debt is, however, expected to continue rising from 87.4 per cent of GDP this year to 93.1 per cent next, among the highest in the Group of Seven industrialised countries.

On the strength of higher tax revenues, the ministry plans the largest reduction in government bond issues in modern Japanese history, by ¥4,322bn to ¥16,707bn, at which level new borrowings will cover 21.6 per cent of budget spending, down from this year's record high of 28 per cent.

Yesterday's draft budget

Continued on Page 24  
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**STOCK MARKET INDICES**

FTSE 100	4,277.8	(-0.5%)
Yield	5.31	
FTSE Eurostoxx 100	1,688.23	(-0.13)
FTSE All-Share	1,993.71	(-0.73)
Nikkei	19,690.46	(-119.79)
New York S&P 500	4,492.08	(-18.45)
S&P Composite	749.28	(-3.32)

**US LONGTERM RATES**

Federal Funds	5 1/4%
3-m Treasury Bill	4.580%
Long Bond	6.92
Yield	6.959%

**STERLING**

New York Auction	1.6985
London	1.6987 (1.6925)
DM	2.2880 (2.2835)
FF	0.7492 (0.7478)
SFr	2.2297 (2.2264)
Y	198.297 (198.292)
C Index	84.1 (84.0)
S Index	86.4 (86.5)
Y Index	114.2 (114.2)

**DOLLAR**

New York Auction	1.5235
DM	5.246
SFr	1.3265
Y	114.19
London	1.5239 (1.5201)
FF	5.247 (5.2377)
SFr	1.3264 (1.3262)
Y	114.17 (114.04)
C Index	86.4 (86.5)
S Index	88.4 (88.5)
Y Index	114.2 (114.2)

**NEW YORK MONEY**

3-m Interbank	6 1/4%	(8 1/2%)
3-m Libor	6 1/4%	(8 1/2%)
3-m Fed Funds	5 1/4%	(8 1/2%)

**COMMODITIES**

Gold	328.75	(-0.1)
Oil	18.12	(-0.1)
Copper	1.52	(-0.1)
Aluminum	1.42	(-0.1)
Wheat	1.42	(-0.1)
Soybeans	1.42	(-0.1)
Corn	1.42	(-0.1)
Live Cattle	1.42	(-0.1)
Hog	1.42	(-0.1)
Pork	1.42	(-0.1)
Lean Hogs	1.42	(-0.1)
Feeder Pigs	1.42	(-0.1)
St. Louis	1.42	(-0.1)
Chicago	1.42	(-0.1)
Kansas City	1.42	(-0.1)
St. Louis	1.42	(-0.1)
Chicago	1.42	(-0.1)
Kansas City	1.42	(-0.1)

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NEWS: EUROPE

Rifkind denies UK is holding up EU reform

By Bruce Clark and Quentin Peel

Mr Malcolm Rifkind, the UK foreign secretary, is very, very sensitive to the accusation - often heard in continental Europe - that Britain is holding up the reforms that will prepare the European Union to take in new members.



Rifkind: alarm over Cyprus

insisted, while reeling off a list of areas - from trimming the size of the Commission to the adjustment of voting weights - where Britain would play a helpful role at the IGC.

was negative, then this opinion should be accepted. While some EU states might favour overriding the Commission on political grounds, Britain would not.

brings to the cause of Nato expansion an enthusiasm which is by no means universal in the British establishment.

between Greece and Turkey could break out at any time, because of disputes in the Aegean.

Yeltsin promises an active return to work

By Chrystie Freeland in Moscow

Russian President Boris Yeltsin yesterday told the country he would be back at work in the Kremlin at 9 o'clock sharp on Monday morning and promised to provide the "active and energetic" leadership he said Russia now needed.

Observers start probe into Serbian elections

By Laura Silber in Belgrade

A team of international observers yesterday launched an inquiry into election fraud in Belgrade against a background of deepening splits among the ruling elite of President Slobodan Milosevic of Serbia.

communist coalition partner, the Yugoslav United Left (JUL), which is led by his wife, Mrs Mirjana Markovic. Many Socialists believe they lost the elections because of popular resentment against Mrs Markovic, whose party stood on a joint ticket.

Fearing western condemnation, Mr Milosevic has refrained from using the police to crush protesters. But armed with control over state television he has stepped up his propaganda war against the opposition and has orchestrated his own counter-demonstrations across Serbia.

'Convergence programme' provides four-year budget framework Belgium to cut debt by 10%

By Neil Buckley in Brussels

Belgium yesterday adopted an ambitious budgetary "convergence programme" which envisages cutting the budget deficit to 1.4 per cent of gross domestic product by 2000 and reducing its debt mountain by 10 per cent.

While gross public debt, projected at 120.4 per cent of GDP in 2000, will still be twice the 60 per cent target in the Maastricht treaty, it will represent a significant cut from this year's 130.4 per cent.

Belgium's federal authorities at 5.3 per cent of GDP from 1997 through to 2000 - up from 5.1 per cent this year - by holding spending and revenues at constant percentages of GDP.

from 8.6 per cent of GDP to 7.5 per cent. That would reduce the final budget deficit from 2.9 per cent next year to 1.4 per cent in 2000 - well within the 3 per cent stability pact limit.

France bans imports of cattle from Switzerland

By David Buchan in Paris

Responding to pressure from its own farmers, France yesterday joined other European Union countries in blocking imports of cattle and most beef from Switzerland, the country with the second highest rate of "mad cow" disease behind the UK.

Germany, Austria and Italy - which have already imposed an embargo on Swiss beef.

Switzerland has recorded 240 cases of mad cow disease, of which 45 have been detected since the start of this year.



Vasseur: 'suspended'

After its first attempt to sell the whole Thomson group was thwarted by the privatisation committee, the Jappé government has decided to consult the Conseil d'Etat to avoid any further legal trouble with its new strategy of selling the group's defence division alone.

Why Senna's death probe puts Italy's grand prix in doubt

To the tifosi, the fanatic supporters of Ferrari, the prospect of a legal trial denying them the annual pilgrimage to the Italian grand prix at Monza is the stuff of revolution.

British magistrates' court. None of the defendants need appear. The court's judgment is not definitive and can be appealed.

Benetton-Renault grand prix team, has already said his team would boycott races in Italy should a verdict go against any of the six.

Not least, many Italians find it inconceivable that such a trial could prejudice the country's rapidly reviving pride in Ferrari and the personal commitment of Italy's most powerful industrialist, Mr Gianni Agnelli, to reviving former Ferrari glories through its \$25m annual salary to German champion Michael Schumacher.

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UK to Channel leg... Lanzibar... Various advertisements and notices on the right margin.



Desperate Elmo hunters take to the Internet

By Lisa Bransten in New York



Elmo; hot property

Cyberspace is teeming with greed and desperation this holiday season as parents across the US...

JOKE! Serious offers only, the site adds, above an address for e-mail bids.

shipment it raffled them for \$1 a ticket rather than disappoint dozens of customers.

that the Elmo craze on the Internet is a sign of the broadening appeal of the medium.

Mr Cristian Redferne, a student in Sacramento, California, said his offer to sell a doll had brought about 80 e-mail messages...

stepped up production and hoped to have an additional 800,000 Elmos in stores by Christmas.

Sacked minister storms TV set

By David Pilling in Buenos Aires

Few separations have mixed resentment with faces in such generous proportions as that of Argentina's President Carlos Menem...

Restraint by the show's producers, Mr Cavallo left the television studio in a huff, telling reporters: "Menem won't even look me in the eyes."

Mr Menem, who has previously called Mr Cavallo "a liar" and "in the opposition", was restrained on Thursday night.

According to polls, the public also doubts that the judicial system is sufficiently independent to embark on an Italian-style sweep of allegedly corrupt public officials.

UK challenge to China's handpicked legislators

By John Fiddling in Hong Kong

Britain yesterday threatened to take China to the International Court of Justice, in a row over Beijing's plan to replace Hong Kong's Legislative Council.

The move comes as 400 members of a Beijing-backed committee meet today in southern China to select a provisional legislature. The new body will replace the territory's Legislative Council when Hong Kong returns to China next July.

Mr Malcolm Rifkind, the British foreign secretary, said in London there was no basis for a provisional legislature in the Sino-British Joint Declaration, the 1984 accord which underpins the handover.

A body chosen by a hand-picked 'electorate' of 400 is not, in any reasonable sense, a legislature constituted by elections as required by the Joint Declaration, he said.

Council, elected last year under democratic reforms implemented by Mr Chris Patten, the Hong Kong governor. Mr Tung Chee-hwa, the shipping tycoon selected this month to succeed Mr Patten, backs China's plans for the new legislature, attacking Britain and the Hong Kong government for failing to "face reality" and co-operate with the body.

Pro-democracy politicians in Hong Kong predicted the provisional legislature would be dominated by business leaders and pro-Beijing figures. "They will have no credibility," said Mr Yeung Sum, vice chairman of the Democratic party, the largest group in the existing legislature.

Although the Democratic party has boycotted the provisional legislature, more than half the 60 existing legislators are seeking seats on the body. Several candidates who failed to secure seats in last year's elections are also lobbying for selection.

In a toughly worded statement, Mr Rifkind said Britain would step up its monitoring of Hong Kong before, and after the handover. "This would include a six-monthly report to parliament, with particular reference to the protection of human rights."



Marching together: Israeli and Palestinian protesters in Jerusalem yesterday

Arabs and Israelis unite in protest

By Judy Dempsey and Avi Machlis in Jerusalem

Israeli and Palestinian demonstrators yesterday joined forces to oppose plans for a new Jewish settlement in the Arab district of Ras al-Amud in east Jerusalem.

from the US administration for expanding settlements in the West Bank. Israeli peace activists and Palestinians said yesterday West Bank settlements and the Ras al-Amud plans were jeopardising the peace process, a view also shared by the European Union and Arab states.

Eritrean president warns Sudan's Islamic regime could start 'senseless' conflict

New turmoil feared in Horn of Africa

By Michael Holman, Africa Editor, in London

The "expansionist" policies of the Islamic military regime in Sudan could lead to "a new cycle of turmoil" in the Horn of Africa, President Issaias Afewerki of Eritrea has warned.

"The policies of expansionism pursued by the Khartoum regime... [have] to be firmly countered to redeem the region from another bout of senseless conflict," he said in a speech delivered in London on Thursday to the Royal Institute of International Affairs.

The president said the region had seen democracy emerge in Ethiopia and independence in Eritrea, but the state had virtually collapsed in Somalia and an extremist regime had come to power in Sudan.

Earlier this month Mr Sadeq al-Mahdi, the Sudanese opposition leader and former prime minister, left Sudan to set up his headquarters in Asmara, the Eritrean capital.

His flight from Khartoum is a coup for the National Democratic Alliance (NDA), the broad opposition coalition that has started attacking Sudan from Eritrean territory.

Eritrea, which says Sudan's Islamic government is trying to destabilise the region, supports the Sudanese rebels in their campaign against the government.

change their relationship with Africa. "Transparency and full accountability under strict codes of conduct, with constitutional guarantees and checks and balances" were "vital" to the continent's development.

"We firmly believe that this conventional perception of donor-recipient relationship must give way to real partnership," he said.

Zanzibar excesses give Tanzania a headache

Michela Wrong reports that the island partner has become an embarrassment and an expense

Former Tanzanian president Julius Nyerere, the man responsible for merging Zanzibar with the mainland of Tanganyika in 1964, once grew so exasperated by the islanders he said he would like to tow the archipelago 1,000 miles off the coast.



On the outskirts of Zanzibar town lies the rubble of 400 Pemban homes, bulldozed on the pretext they were built without permission. Pemban civil servants have been sacked and Pemban merchants on the main island of Unguja say they have been put out of business by artificially high customs charges.

most part, people from the clove-producing island of Pemba, almost solidly pro-CUF.

Donor governments, who froze aid to Zanzibar early this year, cite the human rights abuses as a worry. But it is clear another issue hurts more: the so-called "Zanzibar loophole", whereby goods coming into Zanzibar port pay between 20 and 30 per cent lower duties than those shipped to Dar Es Salaam.

Salaam but sending the paperwork to Zanzibar. Alternatively, goods unloaded in Zanzibar at the lower rates were quietly smuggled to the mainland aboard dhows.

Closing the "Zanzibar loophole" is a key part of the mainland government's drive to regularise tax collection, the issue that led both bilateral donors and the International Monetary Fund to cut off aid in 1994.

Zanzibar government has been very resistant to change," says a diplomat. "They tend to be arrogant, not responsive at all."

"On every issue, the Zanzibaris feel they have been blocked by the mainland," says Professor Abdul Shariff, director of one of Zanzibar's museums. "But the main brake has been the political situation. There is a general atmosphere of apprehension."

INTERNATIONAL NEWS DIGEST

US sees GDP grow by 2.1%

US gross domestic product grew at an annual rate of 2.1 per cent in the July to September quarter, the Commerce Department said yesterday, revising upwards an earlier estimate of growth of 2 per cent.

The figure still marked a sharp deceleration from the 4.7 per cent rate achieved in the second quarter, but was strong enough to suggest the economy remains on a stable growth path for 1996 as a whole.

The Argentine central bank signed yesterday a \$6.1bn standby loan from 13 international banks, led by Chase Manhattan, to provide support for the financial system in case of a run on the banks. In another move to strengthen the banking system, it also announced plans to further raise bank liquidity requirements.

Negotiations for a renewal of a two-year contract for 1.6m workers in Italy's engineering industries have reached stalemate. Engineering unions observed a two-hour stoppage yesterday to protest at the lack of progress in the latest round of talks held this week.

Two landmark international treaties extending copyright rules to cyberspace were successfully concluded yesterday after three weeks of difficult talks in Geneva. However, consideration of a third treaty intended to protect databases was postponed to next year.

Czech and German foreign ministers yesterday approved the text of a declaration of mutual reconciliation expressing regret for crimes and excesses committed during and after the second world war that seeks to close a painful chapter in the two countries' relations.

Poles name economy minister

In a move which looks set to slow the pace of disposals of state-owned assets, Poland's former privatisation minister, Mr Wieslaw Kaczmarek, is to be appointed to head the country's new economy ministry.

Tajik rebels take hostages

Tajik guerrillas upset peace talks yesterday by taking 23 hostages, including seven United Nations officials.



NEWS: UK

Report casts doubt on bid by Générale des Eaux and Saur for Mid Kent Holdings

Water regulator rebukes French groups

By Leyla Boulton, Environment Correspondent

Ofwat, the water industry regulator, yesterday criticised French-owned water companies in the UK for failing to trade at arm's length with associate companies.

is due to decide whether to allow the French companies to make a joint bid for Mid Kent in a few weeks. Saur and Générale are citing environmental benefits for their proposal to split water-rich Mid Kent between the companies they each own on either side of it: South East Water, and Folkestone & Dover.

smaller merger last week. Ofwat's report is particularly critical of Saur's relationship with South East Water and Mid-Southern, the two water-only companies that Saur already owns in the UK.

businesses within the same group. Mr Ray Tennant, managing director of Saur Water Services UK, said Saur had hoped Ofwat would revise its definition of associated companies so as not to include all the companies in the French group, but only those in Saur UK. But since Ofwat had made it clear it had no plans to change its definition, the company had in the past few weeks put in place most of the changes sought.

water-only companies last spring. Ofwat found all the companies had violated at least some of the guidelines. These range from requiring associate companies to charge each other fair market prices for services rendered to documenting potential conflicts of interest where there are cross-directorships.

Both companies owned by Saur had been found in breach of nine of the 11 guidelines. All four companies owned by Générale des Eaux, France's biggest water-based conglomerate, violated six of the guidelines. The two water-only companies owned by Lyonnaise des Eaux, France's second largest water conglomerate, emerged with the fewest number of violations.

Duke's gun remarks hit the wrong target

In spite of latest lapse by Queen's husband, the royal family is likely to retain support

The Duke of Edinburgh's remarks in a BBC radio interview, that members of shooting clubs were no more dangerous than members of golf or squash clubs, were aimed at the government's plans to restrict private ownership of handguns in the wake of the Dunblane massacre.

Oban in the Scottish Highlands last year, the Duke caused offence by asking a driving instructor: "How do you keep the locals off the booze long enough to get them through the test?"

as weapons that the duke had made earlier in the interview. "On reflection, not a wise analogy," said Mr Blair.



Much of the monarch's role is ceremonial rather than political: the Queen, followed by the duke, arrives at the sovereign's entrance for the state opening of Parliament

But the comments by the duke, husband of Queen Elizabeth, also reminded the public of earlier lapses in diplomacy. In 1981, as British unemployment accelerated, Prince Philip said: "A few years ago everybody was saying we must have more leisure. People can't seem to make up their minds what they want."

Both Labour and the Liberal Democrats, the biggest opposition parties, have flirted with radical ideas about abolishing the monarchy. But, while both parties are eager to be seen as modernisers, they have made the pragmatic judgment that there are few votes in appearing to be anti-royal.

Both would like to see some clarification of the head of state's constitutional power to appoint the prime minister - chiefly to tidy up the rules for choosing the prime minister where there is no clear majority after an election. And they also want to end the royal prerogative - the convention which gives ministers the technical ability to act in some circumstances without reference to parliament.

to parliament. Labour and the Liberal Democrats see the ending of the prerogative as part of a broader and desirable shift of power away from the government and towards parliament.

now view them as "highly respected", says Mori, down from almost 60 per cent in 1990. But the monarchy has staying power - almost four-fifths of voters think it will still be around in 2005.

EU fish deal may help PM to survive

By John Kemptner, Chief Political Correspondent

The fishing deal struck by ministers in Brussels was welcomed yesterday by MPs in the Ulster Unionist party, the largest pro-British party in Northern Ireland.

which a general election must be held. Although they have denied doing deals with unionists on the peace process or other aspects of Northern Ireland politics, the Conservatives acknowledge that one of their main aims in negotiations over quotas was to protect jobs in the region.

Mr Tony Baldry, the UK fisheries minister, said yesterday he had secured the best deal he could for British fishermen, forcing concessions on proposed cuts in quotas during all-night talks with EU fisheries ministers in Brussels, Caroline Southey and Maggie Urry write.

the short term but would eat into future earnings. Mr Baldry said he had invoked the Hague Preference, a deal negotiated in 1976 under which Britain and the Republic of Ireland can ask for special dispensations, on a number of stocks.

Mr Baldry said the UK's total quota in cod equivalent terms for the most important stocks was 23,000 tonnes higher than the level originally sought by the European Commission and was only half a percentage point below the 1996 amount.

The reaction from the unionists raised the Conservative government's confidence that it can hold on to its previous position in parliament until next May, which is the latest time at

Mr William Ross, the agriculture and fisheries spokesman for the Ulster Unionists, said: "It seems from first reports that Northern Ireland has come out of it as well as can be expected."

Fishermen's leaders said they were relieved by the deal. However, Professor Alasdair McIntyre of Aberdeen University in Scotland, a scientist concerned about declining fish stocks, called the deal "a Pyrrhic victory" which might help fishermen in

meeting. "This result highlights, once again, the merits of careful background work, as opposed to threats to bring down the government or rattling their cage if they don't get all that we want," he said.

ry's description of the deal as a triumph is clearly unjustified," he said.

Table with 4 columns: Year, Total, and two sub-columns for different categories. Data spans from 1970 to 2000.

The party's nine MPs made their decision after talks with Mr Tony Baldry, the fisheries minister, who they said had given them more assurances than Mr Gavin Strang, the fisheries spokesman for the opposition Labour party.

Mr David Trimble, the Ulster Unionist leader, has said his party will decide its intentions on the merits of each particular vote - a decision which leaves both Conservatives and Labour on tenterhooks.

Mr Ross said he had been in close contact with Mr Baldry before the Brussels meeting. "This result highlights, once again, the merits of careful background work, as opposed to threats to bring down the government or rattling their cage if they don't get all that we want," he said.

Mr Robin Teverson, fishing spokesman in the European parliament for the centrist Liberal Democrat party, said Lady Thatcher, the former Conservative prime minister, had given away British fish stocks in 1983 "on a silver plate".

From Monday, I won't be here," he says. "After nearly 33 years that's hard to imagine."

Mr Belton, who is taking early retirement at 55, has spent almost his entire career at Dagenham, the heart of Ford's British operations and one of the largest factories in the UK. Starting in 1964, Mr Belton has risen to the post he has filled for the five past years - operations manager for the body and assembly plant, the most important job at Dagenham.

Standing in the press shop, where body parts are stamped out of sheet metal, he points to a line of six German-made Schneller machines and says: "This is it. The best press line in Europe." At the final assembly line, Mr Belton touches the computerised label on a white Fiesta: "Tells you everything. What's in it. Where it's going. This one's going to Germany."

He has seen the Dagenham workforce fall from 29,000 in the late 1960s to 7,500 today. Meanwhile, old German-made Schneller machines and shopfloor have faded to be replaced by co-operation. "It used to be so confrontational here in the late 60s and early 70s. It's now totally different."

Operations have been streamlined, partly through transferring work to other UK sites, such as the Bridgend engine plant in south Wales, partly through increasing the outsourcing of components, and partly through manpower cuts. Standing in the cavernous press shop, Mr Belton says: "Visitors go through the plant and ask: 'Where are the workers?'"

ton persuaded Dagenham's trade union representatives that there was no choice. The plant had to export or die. "They accepted that we had to be a global player."

Output rose from 160,000 cars in 1989 to 250,000 this year. Quality increased 50 per cent, and stock levels, a key measure of efficiency, dropped from eight days' output to three.

For Mr Belton the ultimate accolade came last year when Ford started making cars for Mazda, its Japanese affiliate, at Dagenham. "Producing a Japanese car at a British plant would have been unthinkable 10 years ago."



Terry Belton: a career at the heart of Ford's UK operations

Telecoms giant loses suit against watchdog

By Nicholas Denton in London

Ofel, the telecoms regulator, will take broad new powers to police any anti-competitive behaviour by British Telecommunications after the company yesterday lost its High Court battle against the measures.

BT - which has until now been governed by 60 specific conditions of its licence, governing practices such as subsidising between its businesses - will from December 31 be subject to a catch-all "fair trading condition".

Under the existing regime, Ofel's only recourse is to insert a new licence condition to close a loophole. BT can delay the implementation by up to two years by appealing to the Monopolies and Mergers Commission.

With the failure of BT's court appeal, the regulator will from the new year be able to issue an order against any dominant telecoms operator which appears to be distorting the market by its behaviour.

The UK operator said it had sent the Ofel proposal, made earlier this year, for judicial review simply to determine whether it was lawful. But a company official said: "We would argue they had enough power before now, and with this they have even more."

BT executives fear the catch-all condition will paralyse decision-making by forcing the company to evaluate each new product not simply on its commercial merits but also by the potentially adverse effects on rivals.

BT - which has in the past complained that an Ofel bolstered by the powers would be "judge, jury and executioner" - yesterday called for legislation providing "formal safeguards" against the regulator's decisions.

But Ofel made its support for a right to appeal conditional on the introduction of heavier fines, such as those in other European countries, for anti-competitive practices. The current dispute between BT and Ofel - which, like most utilities and their regulator, have had a tense relationship - began earlier this year when Ofel proposed to change its style in overseeing the telecoms market.

UK NEWS DIGEST

N Ireland alert over IRA threat

Northern Ireland police last night put the region on alert, warning that the Irish Republican Army was preparing to resume full-scale terrorism there. The police said they were "especially concerned that there is a threat facing the community".

Although the police force, the Royal Ulster Constabulary, has advised its members and British army units in Northern Ireland to be on guard, its warning was the first to the public and business community for many months. Police have made a series of recent discoveries including a mortar bomb near a north Belfast army base, a large amount of explosive close to a base in County Armagh and a car bomb outside their own headquarters in Londonderry.

But the warning did not prevent the traditional Christmas release of prisoners in Northern Ireland, and British government officials said a total of 408 prisoners from a total of 1,553 held in the region's jails will this year be released for at least seven days each on Monday. Inmates have to have served a minimum of 11 years or be under consideration for release. Those released will include members of the IRA and rival "loyalist" paramilitary organisations.

STOCK EXCHANGE

Director to return to private role

Mr Giles Vardey, a director of the London Stock Exchange who has led the introduction of reforms to share trading in the City of London, is to leave the exchange before the implementation of reforms in October. Mr Vardey, who started work in the City at Salomon Brothers, later became head of equities at Swiss Bank Corporation.

ECONOMIC INDICATORS

Incomes grow fastest since 1980s



The Office for National Statistics said yesterday that post-tax incomes grew 4.6 per cent in the year to the third quarter, the fastest annual growth rate since the boom days of the late 1980s. The ONS shaved down its estimate of overall economic growth in the third quarter - but only because growth in the second quarter had been more buoyant than initially thought.

Separate figures yesterday showed that Britain's balance of payments slipped back into the red during the third quarter of the year, as the strength of the pound contributed to a sharp fall in the value of net investment earnings.

BROADCASTING

Regulator lifts digital TV hopes

Mr Don Cruickshank, director-general of Ofel, the broadcasting regulator, has paved the way for UK viewers to access 200 channels including the existing BBC networks and special sports events from a box on top of their television sets by Christmas 1997.

The telecoms regulator appears to be constructing a compromise to ease the dispute between Mr Rupert Murdoch's British Sky Broadcasting and the BBC, the public service broadcasting organisation, over control of the set-top boxes. Mr Cruickshank aims to assuage the concerns of the BBC and other terrestrial television companies that BSkyB might abuse its power over the digital satellite system.

The regulator, who has been asked by the UK government to "intercept" regulations that became law this week, said: "My aim is a world in which broadcasters can compete whether or not they own the network."

SHIPPING

P&O-Nedlloyd merger cleared

The European Commission yesterday gave the unconditional go-ahead for the merger of the container shipping interests of P&O of the UK and Nedlloyd of the Netherlands. The two companies will each take 50 per cent in a newly established company, P&O Nedlloyd, which will operate a fleet of 112 container ships and employ 9,000 people. It will have a combined turnover of \$4bn and net assets of \$1.5bn. The new company is to come into being from January 1.

Advertisement for 'Sukha al-Jah' featuring a stylized logo and text in Arabic script.



COMPANIES AND FINANCE

CS Holding sells Watt stake for SFr1bn

By William Hall in Zurich

CS Holding, Switzerland's biggest bank, yesterday agreed to sell its stake in one of Switzerland's biggest electric utilities for SFr1bn (\$747m) to a Swiss-German consortium.

by Nordostschweizerische Kraftwerke (NOK), a state-owned Swiss utility, while Bayernwerk, an electric utility controlled by German conglomerate Vieg, will take 21.25 per cent.

The sale of CS Holding's shares comes less than a month after Datoos Bank of Switzerland, its main rival, agreed to sell 20 per cent stakes in Motor Columbus, which controls Switzerland's biggest electrical utility, to Electricité de France and RWE Energie of Germany for SFr925m.

The equivalent of Swiss Electricity AG. Switzerland's electricity industry is important because of the country's central location and abundant supplies of hydro-electric power.

stake to cover its own substantial restructuring costs. Yesterday's announcement increases the likelihood that control of the rest of Elektro- watt, which is one of the world's biggest system control businesses, will also be sold to a trade buyer.

INTERNATIONAL NEWS DIGEST Fed loosens bank profit restrictions The Federal Reserve Board yesterday confirmed that it would allow the banks it regulates to increase the proportion of profits they draw from securities subsidiaries from 10 to 25 per cent.

MGAM to pay investors £200m over Young affair

By John Gapper, Banking Editor

Morgan Grenfell Asset Management yesterday promised 100,000 investors in three investment funds manipulated by Mr Peter Young, its rogue fund manager, compensation totalling about £200m (\$300m) for the losses they suffered.

fered by MGAM and its parent bank Deutsche Bank in clearing up the aftermath of the Young affair. The payments will go to more than 90 per cent of 107,000 investors in the funds, many of whom were attracted by what seemed to be Mr Young's talents as a unit trust manager in making his funds perform better than others.

through a web of Luxembourg holding companies. His deception was uncovered in September. Deutsche Bank said that it would take a charge of £200m as an "extraordinary cost" in the 1996 financial year.

Morgan Grenfell said that investors who put money in two of the funds, including the flagship European Growth Fund, at the start of August 1995 should have gained 17 per cent by this September, according to an index of other funds.

Morgan Grenfell also said it would make sure that no-one in the three funds lost money, even if the comparable index went down during the relevant period. Investors are to be paid by April, and will be contacted individually by MGAM.

Broken Hill Proprietary at top of forecasts

By Nikki Tait and Bethan Hutton in Sydney

Broken Hill Proprietary, the Australian resources group, announced an after-tax profit of A\$790m (US\$627m) for the half-year to the end of November, at the upper end of analysts' forecasts.

profit turnaround of A\$37m for North America. Mr John Prescott, managing director, said the company was aiming to cut copper production costs further.

John Prescott: seeking more copper output cost cuts and expecting firmer prices in 1997



Excluding abnormals, after-tax profits were 15.8 per cent lower at A\$683m, and earnings per share down 17.4 per cent at 41.9 cents.

Oil prices had been higher than had been anticipated, and there was a chance of higher prices in the next year. Exploration expenditure across the group rose from A\$265m to A\$330m.

Comalco, the Australian aluminium producer which is 67 per cent owned by London-based RTZ-CRA, warned yesterday that it expected to make a loss in the second half of its financial year, ending on December 31. It blamed the deficit mainly on lower metal prices and the strengthening Australian dollar, but also cited higher smelting costs - partly related to the upgrade of its New Zealand smelter - and the restructuring at its Weipa bauxite mine.

With the deficit in the first half, Comalco made a profit after tax of A\$43.9m, down from A\$155.1m. It said the deficit in the second half would "partly offset" the first-half surplus.

Rivalry alters board at Lloyds TSB

By John Gapper, Banking Editor

Growing rivalry between banks and supermarkets as providers of financial services yesterday led to fallout at the helm of Lloyds TSB, Britain's biggest bank, when two directors of retail companies agreed to leave its board.

are thought to have been asked to leave the board of Lloyds TSB - the dominant retail financial services company in the UK as a result of mergers and takeovers - because of the expansion of both companies into banking services.

Lloyds TSB announced after its monthly board meeting that the two non-executive directors would leave its board at the bank's annual meeting in April. It said they had "decided it would be appropriate" for them to do so.

board for two years, conflicts of interest have become more pronounced in the past few months. In that time, Tesco has set up Clubcard Plus scheme with National Westminster Bank, while other retailers, such as J.Sainsbury and Safeway, have also expanded into banking with schemes based around shopping loyalty cards.

Falling further out of fashion

It has not been a good week for Britain's textiles sector. On Tuesday, difficult trading conditions prompted Coats Viyella, the UK's largest textiles group, to warn of a flat second half, while Sherwood, a UK supplier of underwear to the UK's leading high street stores, issued its second profits warning in six months.

Motoko Rich on a bad week for the UK's textile industry

executive of Claremont. In fact, conditions have been difficult in the textiles sector for some time. Over the past year, textile stocks have underperformed the FTSE All-Share by nearly 36 per cent, and profits warnings and broker downgrades have become common.

textile companies prefer its business. One M&S supplier which has managed to remain relatively healthy is Dewhirst. The group raised its interim pre-tax profit 10 per cent to £11.1m and is forecast to raise full-year profits to £25.8m (£22.3m). Analysts suggested Dewhirst benefited from strong management, a robust balance sheet, heavy capital investment and the early introduction of "crease-proof" cotton, which can command a premium price.

to be fair, not every problem in the textile sector is related to M&S business. Sherwood, Coats and Courtauld have strong exposures to the weak continental European market, and Coats was also hit by problems in Brazil and Turkey, by the strength of sterling, and by a downturn in its precision engineering business. Part of Baird's restructuring plans are to refocus on supplying clothes to M&S, which the retailer says is an indication

Table with 5 columns: Company Name, Period, Turnover (£m), Pre-tax Profit (£m), EPS (£), Current Dividend (£), Date of Payment, Dividend Yield, Total for Year, Total for Last Year. Includes sections for Investment Trusts and other financial data.

OFFER BY BARING BROTHERS INTERNATIONAL LIMITED and N M ROTHSCHILD & SONS LIMITED on behalf of FKI plc for the whole of the share capital of NEWMAN TONKS GROUP PLC. Includes detailed terms and conditions for the offer.



COMPANIES AND FINANCE: UK

Amec sets up Spie link with £23m deal

By Andrew Taylor, Construction Correspondent

Amec, one of the UK's biggest construction groups, is to pay £20m-£23m for up to 48.6 per cent of Spie Batignolles, creating one of Europe's largest building and civil engineering companies.

Mr Peter Mason, Amec chief executive, said the British group had been in danger of being left behind in the consolidation of the European construction market around a small number of large powerful groups.

These companies had the balance sheet strength and broad range of skills needed to trade more readily in international markets both in Europe and further afield.



Constructing alliances: Sir Alan Cockshaw (left), Amec chairman, with Peter Mason

of £4.5bn with about a third of sales in the UK and France, with the remainder in other international markets.

Spie was forecasting post-tax profits of about FF110m next year, which would add about £4m-£5m to Amec's pre-tax profits and increase

the British group's earnings per share by about a quarter, said Mr Mason.

Some recovery in ECC trading

By David Blackwell

Shares in English China Clays rose yesterday after the speciality chemicals and minerals group spoke of "some improvements in trading conditions".

operations from mining right through to product. It involves improved purchasing, better logistics, lower administration costs and lower research and development costs without losing any effectiveness.

Littlewoods set to win Freemans

By Peggy Hollinger

Littlewoods could be set to win Freemans, the mail-order business put up for sale by Sears earlier this year, with an offer of about £360m.

Other bidders included N Brown, the French group Pinault Printemps, which owns Empire, and two other companies. GUS has been keen to make an offer, but is thought to have failed to make a firm bid before yesterday's closing date.

suggested that higher offers could still come in. The bidding process had already been delayed once to allow two new offers to be made.

and the disposal of its shoe factories and a number of retail businesses, profits and market share have tumbled.

EU blocks Anglo voting Lonrho stake

The European Commission has blocked Anglo American of South Africa from exercising the voting rights attached to its 28 per cent stake in Lonrho, the UK conglomerate.

petition commissioner, has warned that any attempt by Anglo to take control of Lonrho would be blocked as it would create a dominant position in the platinum and rhodium markets.

Higher cost savings from BP/Mobil

By Peter Marsh

British Petroleum and Mobil of the US said yesterday they would gain much higher cost savings than originally envisaged from the \$5bn (£2.9bn) merger of their European fuels and lubricants operations.

Farnell in \$300m disposal

By Christopher Price

Premier Farnell has sold its volume electronic components distribution business to Arrow of the US for \$300m (£180m).

leaving it free to concentrate on its catalogue components interests. Earlier this year, Farnell paid £1.9bn to buy Premier, the biggest catalogue components distributor in the US.

The company estimates the disposal will enhance shareholders' funds by generating a surplus above book value of about £70m. Analysts forecast that debts for the year to January 31 1998 would fall from £360m to £190m, while negative shareholders' funds of £3m would be transformed into positive funds of £105m.

EU blocks Anglo voting Lonrho stake

The European Commission has blocked Anglo American of South Africa from exercising the voting rights attached to its 28 per cent stake in Lonrho, the UK conglomerate.

petition commissioner, has warned that any attempt by Anglo to take control of Lonrho would be blocked as it would create a dominant position in the platinum and rhodium markets.

Burnfield retort to Fairey

By Tim Burt

Burnfield, the measuring instruments company fighting a hostile bid from Fairey Group, yesterday accused the specialist engineer of publishing "misleading" financial information about the company.

these rubbishy businesses right up to the time they sold them. "It raises questions about their management processes."

Fairey claimed and had promising international growth prospects. Burnfield's defence is also expected to concentrate on the recent growth of Malvern, its particle measurement division, where profits rose more than 28 per cent to £2.7m last year.

Industry analysts also expect it to predict robust growth at Beta, Burnfield's recently acquired laser gauging business.

Recommended Cash Offer by J.P. Morgan on behalf of Excelex Health Care Group PLC to acquire the whole of the issued share capital of Ashbourne PLC not already owned by the Sun Group.

SR Gent still in bid talks

By Motoko Hsieh

SR Gent, the supplier of clothing to Marks and Spencer, yesterday said it was still in talks with "several parties" about a possible takeover of the company.

results had been delayed since September because of negotiations with bankers. The company said it had agreed heads of terms for new banking facilities.

Mr Wolff said the losses last year were higher than expected because of increased exceptional charges of £16m, relating to closure costs for Clothing Barn, the group's retail chain, obsolete stock and refinancing.

Claremont warns of higher charges

Higher restructuring charges caused Claremont Garments, the Marks and Spencer supplier, to warn of decreased second-half profits, writes Motoko Hsieh.

but the rise in exceptional charges from a forecast £8m to £7m, associated with a Glasgow factory closure and a move to cut overheads in the remaining sites, would hit the bottom line.

LEGAL NOTICES: HIGH COURT OF JUSTICE CHANCERY DIVISION IN THE MATTER OF STRONG PREMIER HOLDINGS PLC and IN THE MATTER OF COMPANIES ACT 1985.

NEWS DIGEST Williams makes Spanish buy

Williams Holdings yesterday announced a big expansion of its security product division by acquiring Tesa of Spain for £188m (£101m) cash.

Ramco in Georgian deal

Shares in Ramco Energy rose 15 per cent yesterday after the oil services and development company announced an exploration agreement with the government of Georgia.

Gulf Canada hits out

Gulf Canada Resources, the oil and gas group, hit out at the directors of Clyde Petroleum, the UK oil independent, when it issued the offer document for its £432m hostile bid last night.

Trio loss deepens to £18m

Trio Holdings, the money broker, saw pre-tax losses widen last year from £11.8m to £18.3m as it continued its rationalisation and reconstruction in the face of falling volumes.

Bullish outlook at Kelsey

Kelsey Industries yesterday reported a 30 per cent contraction in full-year profits - bearing out the profit warnings delivered during the year to September 30.

Wainhomes compensation

Wainhomes has agreed to pay compensation of £225,000 to Mr Ron Smith, who was ousted as chief executive of the housebuilder last January, after he was said to have lost the board's confidence.

Advertisement for 'Businesses for Sale' featuring a large image of a person and various text elements.

Handwritten Arabic text at the bottom of the page.



COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Crude oil price trend stronger

By Deborah Hargreaves and Ken Gooding

Crude oil prices saw a volatile week's trading, but the underlying trend was stronger after cold weather in the US and the expiry of the January futures contract on the New York Mercantile Exchange.

January futures prices in New York breached the \$26-a-barrel mark for the first time since October. But the rise was largely in response to traders covering short positions ahead of January expiry, which now holds front month position, said 20 cents to \$25.25 yesterday.

Previously, freezing weather in the US Midwest sent oil products and natural gas futures higher with more cold weather forecast for next week. Traders largely ignored the return of Iraq's return to the world market, as 14 companies signed up by Iraq oil and the first tankers left Iraq ports.

The oil market has recently defied analysts' predictions of a drop in prices, but many still believe that, once the weather scares have diminished, oil will retreat substantially.

"Unless the weather is very cold, we will see a decline in prices over the next few weeks," said Mr Mohamed Abduljabbar, oil market analyst at Petroleum Finance Company in Washington. Mr Abduljabbar believes New York prices will sink to \$21 a barrel if the weather is normal.

But he said the oil market would regain its lustre in March at the onset of the key driving season in the US because of low gasoline stocks.

On the London Metal Exchange traders usually have a quiet time balancing their books for the year end, but the copper market is still keeping them alert.

"Market attention continues to focus on the possibility of a squeeze on the January dates, which is likely to keep the market wary over the coming Christmas holidays," said Mr Wiktor Borski, analyst at Deutsche Morgan Grenfell.

Fresh evidence of supply tightness re-emerged on Thursday and continued yesterday even though there was a slight increase in LME warehouse stocks.

The premium for copper for immediate delivery compared with metal for delivery in three months rose to more than \$10 a tonne, compared with \$5 on Monday.

Mr William Adams, analyst at Rudolf Wolff, a subsidiary of Noranda, the Canadian natural resources group, said the market had been concerned that this premium, or backwardation, might not be justified by fundamentals.

BASE METALS

Table with columns: Metal, Price, Change, High, Low, Vol, Open. Includes Aluminum, Copper, Lead, Zinc, Tin.

PRECIOUS METALS

Table with columns: Metal, Price, Change, High, Low, Vol, Open. Includes Gold, Silver, Platinum, Palladium.

ENERGY

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Includes Crude Oil, Heating Oil, Natural Gas.

PRECIOUS METALS

Table with columns: Metal, Price, Change, High, Low, Vol, Open. Includes Gold, Silver, Platinum, Palladium.

PRECIOUS METALS continued

Table with columns: Metal, Price, Change, High, Low, Vol, Open. Includes Gold, Silver, Platinum, Palladium.

GRAINS AND OIL SEEDS

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Includes Wheat, Corn, Soybeans, Cotton.

SOFTS

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Includes Coffee, Sugar, Cocoa.

MEAT AND LIVESTOCK

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Includes Live Cattle, Hogs, Pigs.

WORLD BOND PRICES

Table with columns: Country, Bond, Price, Change, High, Low, Vol, Open.

US INTEREST RATES

Table with columns: Term, Rate, Change, High, Low, Vol, Open.

BOND FUTURES AND OPTIONS

Table with columns: Bond, Price, Change, High, Low, Vol, Open.

FTSE Actuarial Govt. Securities

Table with columns: Security, Price, Change, High, Low, Vol, Open.

UK Gilts Prices

Table with columns: Gilt, Price, Change, High, Low, Vol, Open.

UK Indices

Table with columns: Index, Price, Change, High, Low, Vol, Open.

Other Fixed Interest

Table with columns: Instrument, Price, Change, High, Low, Vol, Open.

MARKETS REPORT

By Lisa Bransten in New York and Sumer Iskander in London

US Treasury prices gave back some of Thursday's strong gains in early trading yesterday, but the yield on the benchmark 30-year Treasury held just below 6.6 per cent.

Near midday in New York, the benchmark 30-year Treasury was off 1/8 at 97 1/2 to the short end of the maturity spectrum existing two-year notes were 1/8 weaker at 99 1/2, yielding 5.654 per cent.

Traders attributed yesterday's slip to a round of profit-taking on the heels of Thursday's rally, which saw the long bond jump nearly 1 1/2 points and pushed its yield below 6.6 per cent for the first time in more than a week.

MARKETS REPORT

With the US market setting the tone for the day, European bonds also had a positive session, although trading volumes were subdued.

Most 10-year benchmark bonds closed between 1/8 and 1/4 higher, with the notable exception of Italy. Life's March future on 10-year BTPs settled at 128.60, down 0.12, then fell to a low of 128.45 in after-hours trading.

In the cash market, the 10-year benchmark BTP fell 0.08 to 113.32. Its yield spread over bunds widened 2 basis points to 174 points. Traders attributed the fall to profit taking before the release of final consumer price data for December.

Preliminary statistics from the main cities reinforced expectations that the headline figure would be unchanged from November's 2.6 per cent.

MARKETS REPORT

Elsewhere, UK gilts showed a modest rise. Life's March long gilt future closed 1/4 higher at 109 1/4. Prices were supported by the release of data showing that GDP growth in the third quarter had reached 0.7 per cent, a downward revision from the preliminary figure of 0.8 per cent.

BENCHMARK GOVERNMENT BONDS

Table with columns: Country, Bond, Price, Change, High, Low, Vol, Open.

UK Gilts Prices

Table with columns: Gilt, Price, Change, High, Low, Vol, Open.

UK Indices

Table with columns: Index, Price, Change, High, Low, Vol, Open.

Other Fixed Interest

Table with columns: Instrument, Price, Change, High, Low, Vol, Open.

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UK Gilts Prices. Table with columns: Gilt, Price, Change, High, Low, Vol, Open.

UK Indices. Table with columns: Index, Price, Change, High, Low, Vol, Open.

Other Fixed Interest. Table with columns: Instrument, Price, Change, High, Low, Vol, Open.



COMMENT & ANALYSIS

**FINANCIAL TIMES**  
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 Saturday December 21 1996

# The ghost at Europe's feast

The Organisation for Economic Co-operation and Development wishes the world a moderately prosperous new year and an even better 1996.

The growth of national incomes will accelerate to 2.8 per cent on average in two years' time, it thinks, as Europe and Japan pick up the baton from the US. And inflation will scarcely stir from its slumbers. Bravo! The 427m workers of the developed world could unite in drinking to that, as they leave for the Christmas holiday. But there will be, alas, another 36m who cannot share the glad tidings: they have no job to take a holiday from.

The OECD's latest Economic Outlook has increased its forecast of total unemployment by 2m compared with its last estimate in June. The trend remains downwards, to be sure. But in the EU, plagued by weak growth, the unemployment rate is expected to fall by less than 1 percentage point from its peak in 1994 to 10.9 per cent by 1998. This represents 18m people on the dole. As a proportion of the workforce, it is five times the rate in the 1950s.

So, welcome as it is, a revival of Europe's economy will have a relatively small effect on the region's direst problem. Moreover, it is well to remember the good times in prospect will be much less bright than recoveries past. The OECD's latest forecasts suggest average annual growth for the EU and the US for most of the 1990s will be only 1.9 per cent (compared with 1.6 per cent in Japan).

It is too easy to compare this dreary performance with average growth in the 1960s and early 1970s - an average of 4.8 per cent in Europe, 4.3 per cent in the US and 3.4 per cent in Japan. In that go-go era, the rise of national income outstripped productivity growth and led to steep increases in commodity prices - and a quadrupling of oil prices. After the big inflation came the slow march of unemployment, still a dark shadow upon the prosperity of Europe.

**Old question**

However, the OECD also points up the comparison with the more sober 1970s and 1980s when economic growth in all the large economies was significantly faster than can be expected in this decade. Its analysis revives that old question: what more must be done to improve economic performance and to get people back into work?

The answer which economists

# A year of living exuberantly

Philip Coggan looks at the reasons why global stock markets have been riding high and whether the surge can continue

**W**orld stock markets have been riding a wave of easy money, carrying national index after index to all-time highs in the past few months. The Dow Jones Industrial Average had its second biggest daily points rise on Thursday.

But is this a case of capitalism triumphant or of the "irrational exuberance" referred to by Mr Alan Greenspan, chairman of the US Federal Reserve at the start of the month?

The odd sign of irrational exuberance has been cropping up around the world. So many eager investors visited the Dhaka Stock Exchange in Bangladesh after a rapid rally this autumn that cracks appeared on the fourth and seventh floors and the building was closed to all but officials. A few weeks later police were forced to use tear gas to disperse demonstrators protesting about a decline in prices.

In China, the Shenzhen B index recorded a gain of 210 per cent after April 1, before plunging 10 per cent on Monday, as the People's Daily warned of a repeat of the Wall Street Crash of 1929.

Earlier this year the US stock market received unexpected popular exposure (at least to a male audience) when Playboy magazine ran a cover story on picking successful mutual funds.

A few Cassandras are warning that the current good times will come to an end. Mr Barton Biggs, director of global strategy at Morgan Stanley, the US investment bank, cut the holding of equities in his model portfolio by 15 percentage points this week and shifted funds into cash.

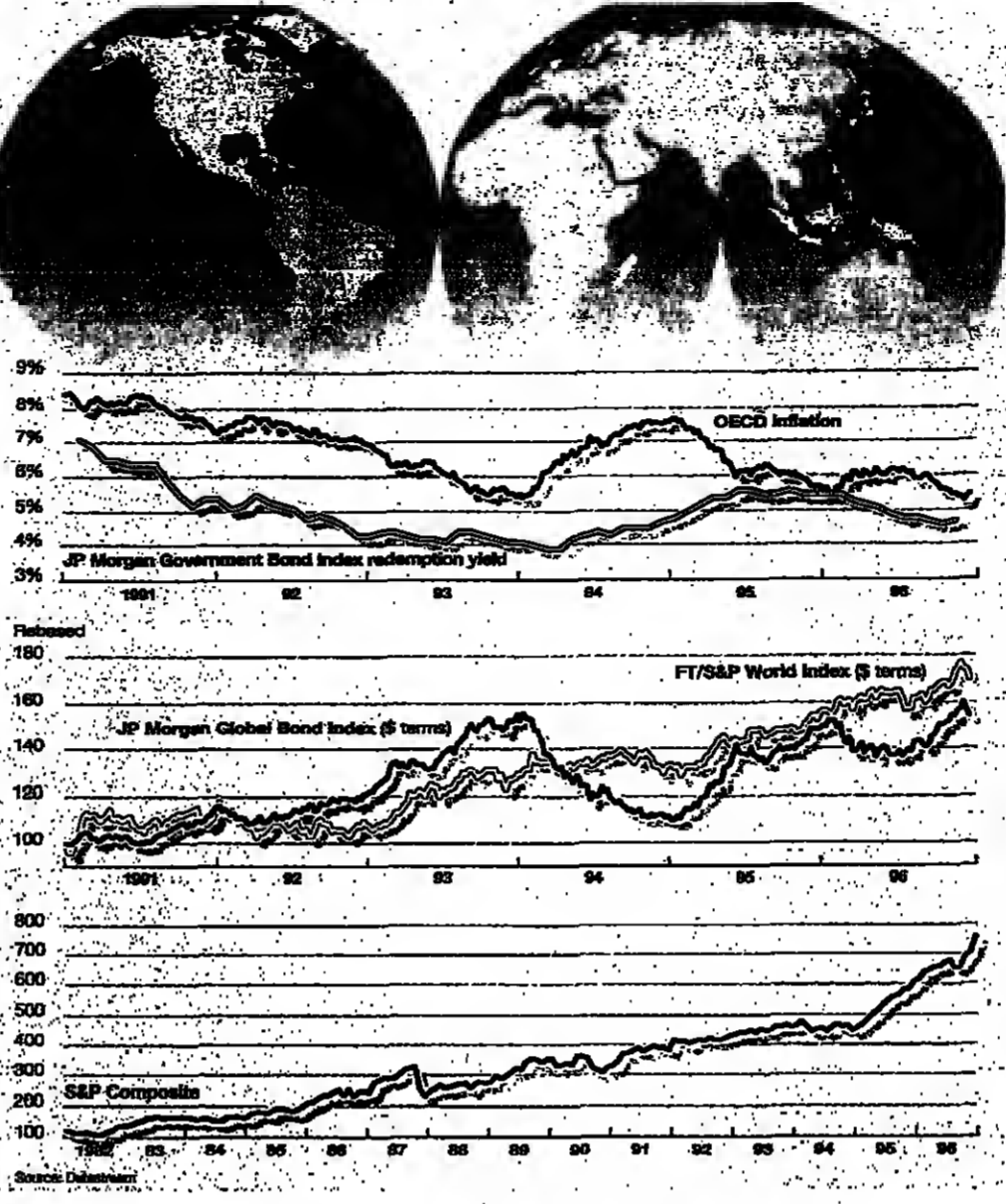
But there are sound economic reasons why stock markets have been riding high, notably the decline in inflation. Since the oil crisis of 1973-74 each successive inflationary surge has peaked at a lower level.

Economists offer varying reasons for this: greater central bank vigilance; labour market reforms which have bolstered returns on capital at the expense of labour; and the opening up of the global trade system, which has forced industrialised countries to face competition from the developing world. But the results are undeniable.

Inflation in the countries of the Organisation for Economic Co-operation and Development fell from 7.1 per cent in early 1991 to 3.9 per cent in March 1994, rose briefly back to 5.6 per cent in 1995 and then fell again to 4.7 per cent in October this year. In many OECD countries inflation is even lower. In the big Group of Seven (G7) countries it is 2.1 per cent, down from 5 per cent in 1990.

As inflation has subsided, so has the cost of money. Nominal three-month rates in the G7 countries have dipped from 9.2 per cent in 1990 to 4.4 per cent

Global markets: are the good times over?



Longer-term rates - bond yields - have also been falling. Global bond yields, as recorded by the J.P. Morgan Government Bond Index, have dropped from 8.5 per cent in January 1991 to 5.5 per cent (although there was a sharp blip upwards in 1994).

Lower interest rates and bond yields help companies by reducing their borrowing costs and help equity markets by reducing the competing returns from holding bonds and cash. Thus the FT S&P World Index has risen by 69.8 per cent in dollar terms since the start of 1991.

It is not just the past five years which have been good for shares and bonds. A longer-term bull market dates back to 1982, which has seen the Dow Jones Industrial Average rally from under 800 and US Treasury bond yields drop from more than 14 per cent. In 1982 magazine covers were speculating about the death of equity investment, after a long period of disappointing returns. Investors consequently priced shares at low multiples of corporate earnings. The historic price/earnings ratio on the S&P 500 in the US was under eight in 1982. It has climbed to over 20 today. At the same time, the p/e ratio on the FTSE Non-Financials Index in London has doubled from nine to 18.

Over the period, the corporate sector has been able to improve profits with the help of commodity prices which have fallen in real terms, new technology, and flexible labour markets. According to Lehman Brothers after-tax operating margins for the S&P industrial companies in the US have risen from under 4 per cent in 1982 to 5.9 per cent - although they remain well below their 1950s and 1960s peaks.

The main threat to the global bull market is the possibility of an end to the benign factors which have boosted prices - low inflation, low interest rates and bond yields, and rising corporate profits. Inflation could be rekindled by

and this has encouraged investors to look overseas for higher returns. In October Japanese investors bought ¥1,670bn (\$14.7bn) of overseas bonds - helping the US fund its trade and budget deficits.

But if rates and bond yields in Japan rise as its economy recovers, interest rates might have to increase in the rest of the world to reflect the smaller inflows from Japanese investors.

Deflation also poses dangers - because of the impact on corporate profits. The US has already enjoyed a long expansion by historical standards and a downturn is overdue. Japan may yet find it impossible to rebound from its slump and Europe may find that the costs of meeting the strict Maastricht criteria for monetary union prevent it from enjoying robust economic growth. But equities are priced on the assumption that earnings will continue to grow - something that worldwide recession might prevent.

**M**r Albert Edwards, global strategist at Kleinwort Benson, the UK merchant banking arm of Dresdner Bank, says in the longer term investors "will come to understand that the risk is between inflation and deflation (falling prices), rather than betw. 'n inflation and disinflation (a falling inflation rate)".

In deflationary times equities tend to suffer in comparison with bonds, which have a fixed nominal value at which they will be repaid. The risk of deflation accordingly may persuade investors to sell equities and buy bonds - as in the 1930s. This will cause bond prices to rise and share prices to fall - sending their yields in the opposite direction.

Before the modern inflationary era, shares yielded more than bonds, to reflect the greater risk of dividend cuts. In the US, at present, bonds yield more than three times as much as shares.

In short, the long bull market has depended on a favourable set of economic and corporate circumstances. While those circumstances might continue next year, Murphy's Law suggests that something, somewhere will go wrong.

"Equity valuations are at sky-high levels," wrote Mr Barton Biggs this week, "and all the good news is already in prices. The cult of equities is too accepted. Reversion to the mean has not been repealed as a basic law of investment life."

"In 65 out of the 95 years in this century, stocks at some point declined at least 10 per cent from the previous year's high. My instinct is very strong that things have just been too good for too long."

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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### Jobs shortage is Peru's real problem

**From Mr Ricardo Dorich.**  
 Sir, Your editorial "Peru's problem" (December 18) fails to underline Peru's real problem: lack of job creation. President Alberto Fujimori has indeed tackled hyperinflation and "the economy has enjoyed growth". However, this growth is at the macro level only and has not been reflected in the creation of jobs. Peru is a country rich in natural resources and is now beginning seriously to capitalise on them. The signing of the Camisea gas exploration contract earlier this year, which opens the door to one of the largest gas reserves in the world, is an example. However, mining projects are capital intensive and do not create sufficient jobs such as in manufacturing industry. Peru has been quick to adopt the principles of free market forces by liberalising imports and introducing privatisations. While these are healthy foundations for a free market economy, they do not create jobs. This is exacerbated by population growth, which has one of the highest rates in the world. Mr Fujimori should now focus his attention on the creation of jobs in the private sector. As long as people are starving, terrorism cannot be abolished.

Ricardo Dorich,  
 Hyde House, Hyde Lane,  
 Long Sutton,  
 Hampshire RG29 1SJ, UK

### Magic of a buy-back

**From Mr Ian Kennedy.**  
 Sir, What a pity that Lex ("UK buy-backs, December 12) continues to miss the real point about share buy-backs. In a share buy-back the directors are making an investment on behalf of the shareholders. The magic of an appropriately priced share buy-back is that it enables the directors to address the question of maintaining the appropriate capital structure in a business while making a very low-risk, earnings-enhancing investment on behalf of the shareholders.

The recent tax change has not altered this fundamental proposition - it has merely removed a tax subsidy from a group of investors who apparently no longer wish to continue as shareholders. This emphatically does not constitute a "waste of shareholders' money". Well done Severn Trent and Powergen.

Ian Kennedy,  
 Baring Asset Management,  
 155 Bishopsgate,  
 London EC2M 2XY, UK

### North-south divide in the UK not now so great

**From Mr Peter Robinson.**  
 Sir, I was as surprised by Stefan Wagstyl's article on the north-south gap ("Nice work if you can get it," December 18) as I was by the European Commission report which appeared to spark the article.

The claim the north-south gap has been getting worse in Britain is just not true. In the mid-1990s regional unemployment rates were more even than at any time in the last 70 years. When measured in terms of disposable household income per head regional differences have also diminished in the last 10 years. And is the European Commission really claiming the UK has a more uneven pattern of regional development than, say, Italy?

To talk about the north-south gap in Britain is anyway an unhelpful simplification. If Mr Wagstyl had visited Harrogate or Macclesfield "up north" and then contrasted them with Clacton or even Brighton "down south" he would have realised that the pat-

terns of relative affluence and deprivation are far more complex than a focus on any north-south gap would suggest. It is the large conurbations and small industrial and resort towns in the north and the south which face the greatest economic problems.

Peter Robinson,  
 Centre for Economic Performance,  
 London School of Economics,  
 Houghton Street,  
 London WC2A 2AE, UK

### Evidence suggests mystery of life is more than mere mythology

**From Mr A.M. Sibley.**  
 Sir, Philip Crowe ("The myths that make Christmas," December 14/15), like many modern thinkers, casts doubt on the truth of the Christmas story. It is a shame there are still many people who want to reduce the mysteries of life to mere mythology.

There is strong evidence, however, that the Gospel stories were written while many of the central characters were alive. Mary and Jesus' brothers, James and Judas, as well as the Apostles were prominent in the early Jerusalem church and would have provided first-hand accounts of the events concerning Jesus' life. They were also willing to die for their authenticity.

And now what about modern myths? Is it really true that billions of US dollars are being spent in a vain search for life on Mars, and all because of a rock found in Antarctica? The scientific community does not as yet have a credible theory for the spontaneous creation of life on Earth, let alone Mars. Sir Fred Hoyle and Wickramasinghe estimated that the probability of such an event occurring as 1 in 10 to the power of 40,000, an unimaginable figure. Shouldn't we expect scientists to have a credible theory for such an event happening before spending such large amounts of money?

So was Jesus' birth a miracle? Yes, I believe it was, and it would seem that the existence, and the diversity and complexity, of life on Earth is itself a miracle, and a testimony to the power and wisdom of God.

A.M. Sibley,  
 53 Hazelwood Drive,  
 Verwood,  
 Dorset BH31 6YG, UK

Handwritten signature: *كوكا*

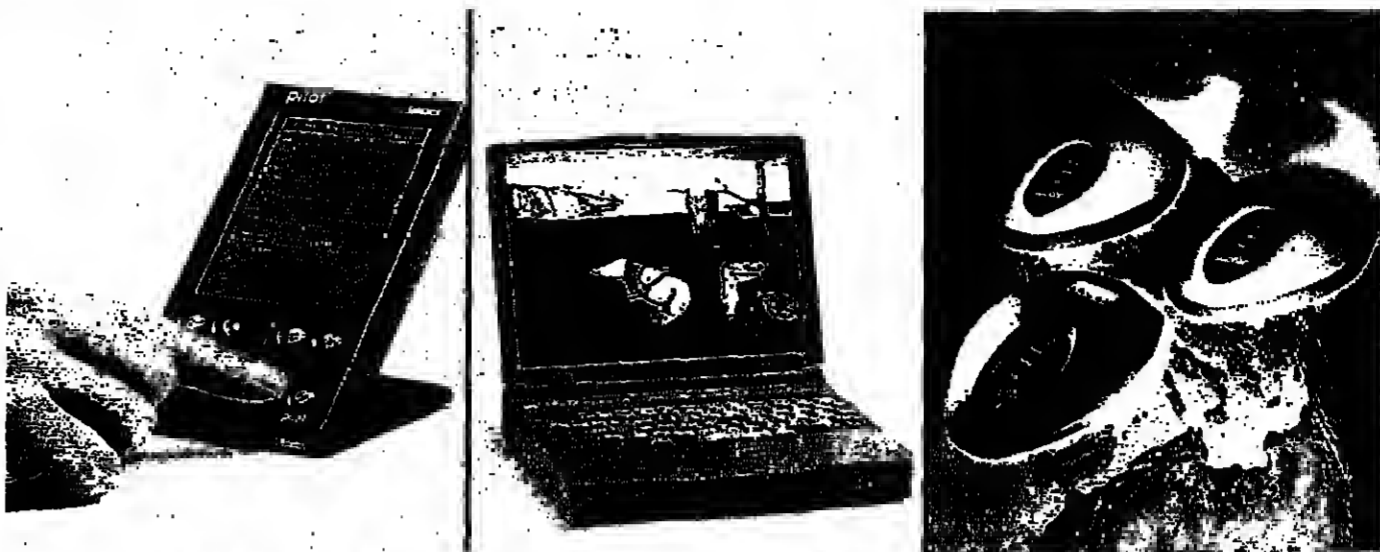


**e-mail to: Santa Claus**  
**Subject: Gizmos and gadgets wish list**

Dear Santa,  
I hope you don't mind me sending you an e-mail wish list this year, but "small mail" to the north pole is so slow and expensive nowadays and you seem like a cool kind of guy.  
By the way, perhaps you could send your way clear to including a new internet package in the Christmas stocking. I particularly like the UUNET Pipex Internet kit which includes a copy of the *Rough Guide to the Internet* as well as software for connecting to Pipex which, as you know, is one of Britain's biggest Internet service providers.  
While we are on the subject of Internet access, could you possibly persuade British Telecom to cut the cost of a high-speed ISDN connection. I think BT's (3832) up-front and £55 a year in the UK is rather steep.  
Then I will be able to swap my slow old modem communications device for one of those neat ISDN terminal adapters like the Motorola BitSurfer. Perhaps surfing the World Wide Web and downloading complex graphics will then be a little less like watching paint dry. An annual subscription to *Wired* would also be welcome - the magazine is essential for Internet enthusiasts.  
Incidentally, I never thought I would see the day when modems became fashion items, but I see Psion Datacom has a guy in a wetsuit modelling its new

brightly coloured lozenge-shaped high speed modem, which also features personal voicemail.  
Useful stocking fillers now the kids are growing up would be a couple of pagers - the ones that send real messages and not just numbers. Perhaps you could throw in a couple of those trendy "bungee" ropes to keep them firmly attached to suitable belts.  
Another mobile phone would also come in handy - Motorola's Startac phone may be the smallest and lightest digital phone in the world, but still packs a bundle of cool features. But perhaps you might find in your workshop a spare Nokia 9000 Communicator which, as well as operating as a portable telephone virtually anywhere in the world, can send and receive e-mail and faxes and browse the Web.  
While it lacks such sophisticated wireless communications facilities, Psion's Siemens pocket PC is also rather neat. With pocket PCs based on Microsoft Windows CE about to hit the shops, there is likely to be an explosion in software for handheld computers.  
I suspect you will already be out of the US Robotics Pilot, the shirt-pocket sized personal digital assistant which includes an electronic diary, address book and note-pad - and can hook up directly to a desktop PC to back-up and share data. My friends in California tell me they are flying off the store shelves. Nevertheless, for working on the move, it is difficult to beat

# Stocking up with wizardry



Electronic stocking-fillers: (left to right) the Pilot from US Robotics, Toshiba's Portégé 650CT sub-notebook, and Psion Datacom's modems

the old notebook PC. It would be good to find one of the new Pentium-based multimedia notebooks like Dell's Latitude XPICD under the tree, or Sharp's new WideNote widescreen machine, the PC-W100T.  
If they are still too bulky to squeeze down the chimney, I hear both International Business Machines and Toshiba have launched snazzy new sub-notebook machines in Japan. Perhaps while you are there you could ask Nintendo when the Nintendo 64 games machine and Mario 64 game will be launched in Europe - I hear it is a hot item in Japan and North America.

Meanwhile, Nintendo's rejuvenated sleek and silver Pocket Gameboy would be a welcome gift. A Sony PlayStation, preferably with a copy of the Crash Bandicoot 3D game, would occupy the kids on Boxing Day.  
But it looks like the video games makers could face some real competition in 1997 from the PC and CD-Rom software vendors. I read that Intel, the US chipmaker, is about to launch a new microprocessor called the Pentium MMX which will bring much faster and higher quality graphics, video and games to the PC and tie in with Microsoft's new Direct 3D software standard.

There may not be many 3D games around yet, but 3D technology looks really hot and I see Microsoft is launching nine titles this Christmas. Perhaps you had better add Microsoft's Monster Truck Madness, Deadly Tide and Hellbender to the list.  
On CD-Roms, Red Alert from Virgin, FIFA 97, Tomb Raider and Formula One are all very popular. As an intellectual counterbalance perhaps you should throw in the latest version of Microsoft Encarta.  
The hard disc on my home PC is already creaking under the weight of all the free software and graphics the kids have down-

loaded off the Net. So how about an Omega 1 gigabyte Jazz Drive - this takes removable 1gb cartridges offering a remedy for those irritating "disc full" messages.  
On the subject of computer peripherals, the new low-cost colour inkjet printers from makers such as Epson, Cannon and Hewlett-Packard are worth a look. Ahead of the arrival of digital video discs which will enable me to play movies on my PC, a recordable CD-Rom drive could also come in handy for data storage and distribution.  
This looks to be the year to get into digital photography and

imaging. Among the manufacturers to launch digital cameras for the consumer market are Casio and Kodak. The latter's DC20 and DC25 cameras are particularly neat and come with software which enables you to send photo e-mails and print calendars and greeting cards.  
Kodak's new Photo Scanner would also come in useful for clearing out shoeboxes of old snaps and storing them on my hard disc. The even snazzier PaperPort Keyboard combines a keyboard and scanner unit with excellent software.  
Outside the home a GPS (Global Positioning System) unit like the Magellan 2000 could come in handy when I get lost on the M25: one of those in-car Trafficmaster units might help me miss the jams.  
Finally, I quite fancy one of those night-vision scopes which enable people to see in the dark. Perhaps you could use one too on Christmas Eve to avoid hold-ups in the increasingly congested skies.  
All the best.

**Paul Taylor**  
You can e-mail your Christmas list to Santa on the Net at <http://www.christmas.com> or <http://www.staetac.com>.  
Other Santa-related Web sites include:  
● The North Pole - <http://north.pole.org>  
● Santa Claus' Home Page - <http://www.cadvision.com/north/pole/>  
● Santa's Workshop <http://home1.gte.net/santa>  
● Where is Santa Claus? - <http://www.learn.com/santa/>

There will be protests and paeon this afternoon outside the drab headquarters of the Xinhua news agency in Hong Kong. Demonstrators will march to the headquarters of China's de facto embassy to condemn Beijing's plans to scrap the territory's elected legislature and install its own body to be selected today.  
"Without an elected legislature there will be no defence for the rule of law," says Mr Yeung Sum, vice-chairman of the Democratic party, the largest group in the Legislative Council.  
But a few minutes away, in the shopping malls of Causeway Bay, much bigger crowds will be battling for bargains. Their spending should give an extra boost to retail sales, now reviving after the slump of 1994-95.  
They will also be signalling business as usual as Hong Kong marks its last Christmas under the British flag.  
The divergent messages reflect the mix of moods as the territory enters its final phase under British sovereignty. Most believe business will continue to buzz after the handover at midnight on June 30 1997. But few expect Hong Kong's political and social institutions to remain unchallenged.  
For the moment, optimism appears to hold sway. "Most of the 6m people are confident," says Mr Tung Chee-hwa, shipping tycoon and chief executive designate.

## Tale of two cities

Business confidence is strong ahead of Hong Kong's return to China but political concerns remain, says John Ridding

As the next governor, he has a vested interest in dispelling doubts. But, as he points out, the dire predictions of the 1980s that forecast exodus and capital flight have been left far behind. Emigration has slowed, the population is expanding steadily and Hong Kong dollar bank accounts continue to grow - both as a proportion of total deposits and in absolute terms.  
"We have been through some shocks, like Tiananmen and the Sino-British disputes, and we have proved very resilient," says Mr Tsang Yok-sing, a headmaster and leader of the pro-British Democratic Alliance for the Betterment of Hong Kong.  
Certainly there is little evidence of anxiety. When a crowd has gathered in recent weeks, it has been more likely to be eager flat-hunters than political demonstrators. This month, thousands flocked to King's Park Villa, an upmarket residential development on the Kowloon peninsula. Last weekend, around 50,000 people visited Sino Land's Dynasty View show flats in the New Territories, where 28 units were being offered at HK\$4,900 (\$633) a square foot.

The clamour, along with signs of speculation, has prompted the government to study measures to cool the resurgent residential market. For Mr Donald Tsang, the territory's financial secretary, the main concern is not how to support the economy through the transition, but how to prevent it from overheating.  
Confidence seems similarly evident in the stock market, which has surged by about 30 per cent since January. Most market analysts predict this year's gain, one of the biggest in Asia, will be followed by a further rise ahead of the handover.  
"Party time again," says Merrill Lynch, which believes the Hang Seng stock market index could rise well above 15,000, compared with 13,131 yesterday.  
Businessmen are also optimistic. "Most companies have long been looking beyond 1997 to the opportunities on the mainland," says Mr Henry Tang, chairman of the Hong Kong Federation of Industries.  
Jardine Matheson, one of the territory's oldest trading groups, is similarly upbeat. The company dismisses the idea that its prospects will be damaged by its colonial associations and its role in the 19th century opium trade which led to Britain's acquisition of Hong Kong.  
"We can't rewrite our history. We have to look to the future," says Mr Alasdair Morrison, managing director. "We are absolutely confident we will be in as good a position to develop our business as anyone else."  
He rejects concerns that Hong Kong's role as a regional business centre might be taken over by Singapore or Shanghai, citing the territory's rapid shift from a manufacturing to a service economy as evidence

and there is a lot more emphasis on trust, co-operation and patriotism."  
The Reverend Chu Yiu-ming of the Chai Wan Baptist Church frets about religious freedoms, although Beijing's constitution for the territory decrees there will be no change. It has also promised to uphold freedom of procession and demonstration, though that has not prevented Mr Qian Qichen, China's foreign minister, from warning that no commemoration of the 1989 killings in Tiananmen Square will be allowed.  
"There will be a giant leap backwards in social and political freedoms," says Ms Emily Lau, the independent legislator.  
For her the mood at the moment is one of resignation and a realisation that the dias is cast. "Maybe some are under the illusion that everything will be alright," she says. "We are in for a nasty shock."  
Ms Lau paints a starker picture than most. "People have been predicting the collapse of Hong Kong for a long time, but it hasn't happened," says a member of the Beijing-appointed committee overseeing the transition. He predicts strong support for the handover celebrations he is helping to organise.  
"It will be unlike any event that Hong Kong has staged," he says. But unlike other parties, spirits are tempered by the prospect of the mornings after.

## Rising price of fine words

When Andrew Wylie, the tough US literary agent, negotiated the deal for Martin Amis's last novel, a director of Jonathan Cape, the author's long-standing publisher, became so incensed that he stormed out of the room.  
Cape's fury over Amis's "defection" to HarperCollins, which paid him a £460,000 (\$765,000) advance for one novel, *The Information*, and a book of short stories, is now forgotten. This week Amis agreed to return to his old publisher in a deal reportedly worth £1m for four new novels and the paperback rights to his old ones.  
Mr Dan Franklin, Cape's editorial director, claims to be confident of breaking even on the deal. "Certainly not in one year, but maybe in five or 10," he says. His competitors claim Cape was so desperate to win back its star writer it was bullied into overpaying by Wylie.  
If the Amis deal is analysed purely in terms of what the four novels will earn, it looks excessive. Recent bestsellers such as Sebastian Faulks' *Brasard* and Kate Atkinson's *Behind the Scenes in the Museum* have sold well, with 500,000 and 360,000 paperback copies respectively.  
And Martin Amis is one of the best known names in literary fiction - not least because the gossip columns regularly feature details of his private life, such as his large dentistry bills and the discovery that he had a daughter by a former lover.  
But Amis's previous bestseller is *London Fields*, which sold 40,000 copies in hardback and 300,000 in paperback in the UK. *The Information*, his most recent novel, fared less well, selling 30,000 hardbacks and 85,000 paperbacks.  
Cape hopes it can revive sales by marketing Martin Amis's work more efficiently than HarperCollins. Yet even if the next four novels sell as well as *London Fields*, they are unlikely to justify a £1m deal.  
However, signing an author of Amis's standing has an indirect commercial benefit for a publisher, by enhancing its reputation among consumers and booksellers.  
"A high quality list helps, particularly with retailers," says Mr Tim Hely Hutchinson, chief executive of the Hodder Headline publishing group. "It makes them likelier to listen to what your reps have to say."  
This explains why publishing is prone to periodic bouts of inflation in the advances paid to critically acclaimed authors. The success of Richard Ellmann's 1987 *Oscar Wilde* - which sold more than 100,000 copies in hardback - prompted publishers to pay generous advances for other literary biographies. Victoria Glendinning received £200,000 for her biography of Anthony Trollope and Michael Holroyde £225,000



now those rights have been licensed to Penguin, as Cape did not have a paperback imprint when it first signed Martin Amis in the 1970s.  
But publishers such as Cape have been creating or expanding paperback imprints in recent years. It has now become standard practice to negotiate joint hardback and paperback deals with new authors and try to buy back the paperback rights of existing writers.  
"In the old days publishers were guilty of taking authors for granted, because they stayed with them for ever," says Mr Martin Lee, marketing director of Waterstone's, the bookselling chain. "Now they have to work harder at keeping their authors, by rejacketing and repricing their backlists."  
Mr Franklin claims clinching the paperback rights to Martin Amis's backlist was "the key" to this week's deal, and that it forms part of Cape's policy of securing all the rights to its authors' work.  
"There's no question that we wanted Martin back, but that wasn't why we did the deal," says Mr Franklin. "We did it because, in the long term, we expect to make money from it."  
**Alice Rawsthorn**

## Malcolm Rutherford on how minority governments can cling on in the UK

**Down but not yet out**  
Ayes 311, Noes 310." That brief note in the UK parliamentary record - which is also the opening sentence of Margaret Thatcher's book *The Downing Street Years* - marked a turning point in British politics.  
The date was March 28 1978. For the first time since 1924 a British government had been defeated and forced to go to the country on a confidence vote brought by the opposition. Although few predicted it at the time, it was the prelude to at least 17 years of Tory rule.  
Now, as then, the government has lost its overall majority in the House of Commons and must call a general election some time before the end of May. But depositing a minority government can be a messy, uncertain business, as the Conservatives found in the run-up to 1978.  
The Labour government of 1974-79 was the first British administration this century to slip from majority to minority, yet to remain in office for a full five-session parliament. Constitutionally it could have gone on until October 1979 if the opposition had not pulled the plug.  
Tony Benn, then a Labour cabinet minister, noted in his diary for March 26 1978 - two days before the crucial vote - that an eminent psephologist had dropped in to see him that morning. "He thinks," Mr Benn wrote, "that the election is quite open. His guess is that if Thatcher loses, Francis Pym will be leader of the Conservative party and he will favour PR [proportional representation]." The psephologist, Mr Benn concluded,

## Down but not yet out



Callaghan (left) felt in 1979 that nothing would deter the public from voting for Thatcher  
"could see the whole of British politics being reshaped" - as indeed it was, though not in the way predicted.  
But it is never easy to get a government out before its term is up unless it feels bold enough to make a run for it. In the late 1970s, the Tories failed with two no confidence motions before the successful attempt in March 1978.  
On several occasions the government was defeated on serious matters - such as the attempt to impose sanctions on Ford for breaching the government's pay guidelines in December 1978 - but survived a confidence vote the next day.  
The trick for minority governments is to keep their nominal supporters in line by persuading them an alternative government would be even worse, while offering enough to the smaller parties to maintain their votes.  
The first part is relatively easy. All members of the mainstream political parties vote for their own side on a matter of confidence whatever they get up at other times. For example, John Major used a confidence vote to ratify the Maastricht treaty in July 1993, after a series of defeats imposed by Eurosceptic Tory MPs.  
Keeping the smaller parties in line is much harder because they know they can demand a price. The weaker a government becomes, the greater the price they ask.  
In the decisive vote of March 1978, the Tories were both lucky and clever. The original motion of no confidence was tabled by the Scottish Nationalists (SNP) after the referendum on Scottish devolution on March 1 had failed to produce a sufficient vote in favour. The SNP was angry at the government's reluctance to proceed.  
The Tories then put down their own confidence motion, knowing the SNP would look foolish if it did not support it. They also knew by then that the centrist Liberals were seeking an early general election. That left the Welsh Nationalists and, more important, the Northern Irish MPs who between them could have saved the government, at least for a few more months.  
The three Welsh Nationalists were bought off with a promise, subsequently fulfilled, of compensation for lung diseases suffered by slate quarrymen. James Cal-

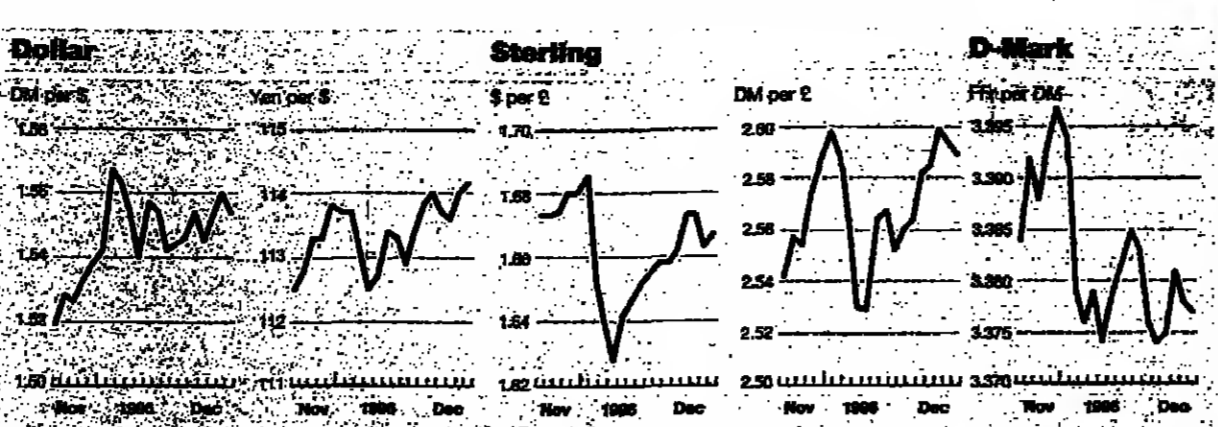
laghan, the prime minister, represented a Welsh constituency and understood the problem.  
The Irish, of whom there were 12, would probably have supported the government if it had pledged to build a gas pipeline from England to Northern Ireland - but Mr Callaghan demurred. Nevertheless, the government had its eyes on two non-Unionist Irish MPs in particular: Gerry Fitz, the member of the mainly Catholic Labour party who had previously supported Labour, and Frank Maguire, the Independent Member for Fermanagh and South Tyrone.  
On the eve of the vote, Mr Fitz tried to talk to Michael Foot, the deputy prime minister, about his concerns over a proposed increase in the number of Ulster constituencies that would favour the unionists. But Mr Foot was away at a by-election in Liverpool, and Mr Fitz voted against the government.  
There was still Mr Maguire. He was reputedly detained in the Labour Whips' office and pled with Guinness to prevent him leaving the building. Mr Benn's diary records that Roy Hattersley, the prices secretary, was said to have given Mr Maguire three bottles of whisky and offered an inquiry into food prices in Northern Ireland to gain his support.  
Whatever the real story, in the end Mr Maguire did not vote. If he had supported the government, the result would have been a tie and the Speaker would have been obliged to rule in the government's favour.  
One Labour MP could have produced the same result, had he been present. That was Sir Alfred Broughton, a Yorkshire member





Dollar down

MARKETS REPORT By Emilio Terziano The overnight rally in Wall Street share prices initially encouraged buying of the dollar, but the US currency edged lower in later trading due to seasonal selling. The dollar closed 0.6 pence lower against the D-Mark at DM1.5638. The US currency has a tendency to ease at the end of the year as foreign companies repatriate their profits ahead of year-end book closing, said Mr Julian Callow at Kleinwort Benson in London. But with the outlook for the economies of continental Europe remaining weak, prospects of lower European interest rates are expected to provide support for the US currency while weighing on leading European currencies. Data released yesterday provided further evidence of weaker economic perfor-



prevailed. The currency which was sold heavily earlier this week eased further against the dollar and the D-Mark. Economists said the consensus on the Swiss franc was that it was still considered overvalued against the D-Mark. Considering the weakness of the Swiss economy, a further easing of interest rates and the decline of the franc is seen as essential in order to restore growth. Mr Tony Norfield at ABN

Amro Bank in London said that traders would continue to sell the currency short next week. Sterling eased slightly against the D-Mark yesterday in spite of growing expectations of an interest rate increase by the Bank of England next month. Traders said the move reflected year-end position taking. They said expectations for the pound remained firm on the back of the UK's economic strength and interest rate outlook. The dollar closed up Y0.13 at Y114.17. Japanese institutional investors were seen to be buying US bonds and equities. Continuing capital outflow from Japan, caused by liquidations of Japanese equities by foreign investors and the purchases of high-yielding foreign bonds by Japanese retail investors, was seen to be supporting the dollar. But while technical analysts see the Y114 level as a support, a further fall in the Japanese currency could intensify US-Japan trade tensions. US trade data released this week showed that its trade deficit with Japan rose by 21 per cent in October from the previous month to \$50n, the worst in 14 months. Mr Brendan Brown, head of research at Bank of Tokyo-Mitsubishi in London, said the Y115 level would be the top of the range likely to be tolerated by US policy makers.

WORLD INTEREST RATES MONEY RATES December 20. Table with columns for Country, Rate, and Maturity.

EURO CURRENCY INTEREST RATES Dec 20. Table with columns for Currency, Rate, and Maturity.

POUND SPOT FORWARD AGAINST THE POUND. Table with columns for Dec 20, Closing mid-point, Change on day, Bid/offer spread, Days' bid low, One month rate, Three months rate, One year rate, Bank of England rate.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR. Table with columns for Dec 20, Closing mid-point, Change on day, Bid/offer spread, Days' bid low, One month rate, Three months rate, One year rate, JP Morgan rate.

THREE MONTH EURO DOLLAR FUTURES (DM) 100m points of 100%. Table with columns for Month, Open, Settle, Price, Change, High, Low, Est. vol, Open int.

CROSS RATES AND DERIVATIVES EXCHANGE CROSS RATES. Table with columns for Dec 20, Bid, Ask, DM, FF, L, FI, NK, Es, Pla, SK, S, Y, Ecs.

EMS EUROPEAN CURRENCY UNIT RATES. Table with columns for Dec 20, ECU rate, Rate against ECU, Change on day, % of prev, % spread, Div.

THREE MONTH EURO DOLLAR (DM) \$1m points of 100%. Table with columns for Month, Open, Settle, Price, Change, High, Low, Est. vol, Open int.

D-MARK FUTURES (DM) DM 125,000 per DM. Table with columns for Month, Open, Latest, Change, High, Low, Est. vol, Open int.

JAPANESE YEN FUTURES (MM) Yen 12.5 per Yen 100. Table with columns for Month, Open, Latest, Change, High, Low, Est. vol, Open int.

THREE MONTH STERLING FUTURES (LFFE) £500,000 points of 100%. Table with columns for Month, Open, Settle, Price, Change, High, Low, Est. vol, Open int.

UK INTEREST RATES LONDON MONEY RATES. Table with columns for Dec 20, Over-night, 7 days notice, One month, Three months, Six months, One year.

BASE LENDING RATES. Table with columns for Bank, Rate, and Maturity.

PHILADELPHIA SE 2-MARKETS OPTIONS DM2,500 (\$ per DM). Table with columns for Strike, Price, and Maturity.

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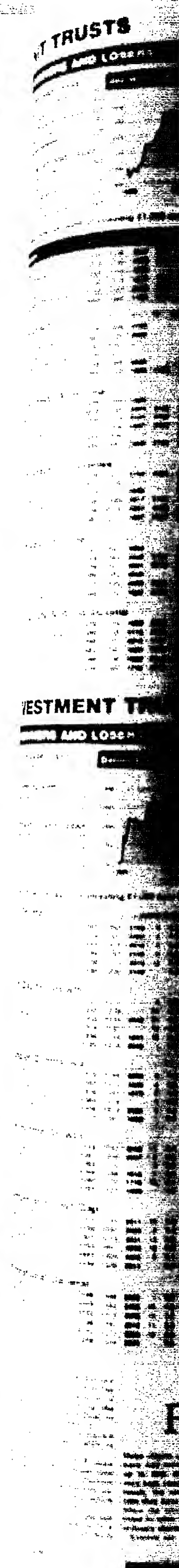
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UNIT TRUSTS

WINNERS AND LOSERS



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. Source: HSW (01625 511311)

Indices	1 year (%)	3	5	10	Volatility	Yield
Average Unit Trust	10.8	13.5	16.4	24.7	3.5	3.2
Average Investment Trust	10.7	13.3	16.0	24.2	3.5	3.2
Bтик	10.5	13.1	15.9	24.0	3.5	3.2
Building Society	10.2	12.8	15.6	23.8	3.5	3.2
Stockmarket: FTSE All-Share	11.2	13.7	16.5	24.8	3.5	3.2
Inflation	4.2	4.1	4.0	3.9	-	-

UK Growth	1 year (%)	3	5	10	Volatility	Yield
Jupiter UK Growth	11.8	13.8	16.2	24.5	3.7	1.8
Johnson Fry Smler Growth	14.1	15.2	17.5	26.0	3.9	0.5
River & Mercantile 1st Growth	11.9	13.2	15.5	23.8	3.4	1.4
Credit Suisse Fellowship Inc	11.3	12.7	15.0	23.2	3.3	1.1
Save & Prosper UK Growth	11.4	12.6	14.9	23.5	3.4	1.6
SECTOR AVERAGE	10.8	12.6	14.9	23.3	3.5	1.9

UK Growth & Income	1 year (%)	3	5	10	Volatility	Yield
GAM UK Diversified Inc	10.6	13.2	15.6	23.9	4.0	2.0
Perpetual Income	10.7	13.2	15.5	23.8	3.2	2.9
Mercury UK Equity	10.9	13.1	15.4	23.7	3.4	2.4
Lazard UK Income & Growth	10.7	13.0	15.3	23.6	3.4	3.2
M&M Income Dist	10.7	13.0	15.3	23.6	3.4	3.2
SECTOR AVERAGE	10.6	12.7	15.0	23.3	3.4	2.9

UK Smaller Companies	1 year (%)	3	5	10	Volatility	Yield
Gartmore UK Smaller Companies	13.9	16.1	18.5	26.7	3.8	0.2
Laurence Keen Smaller Cos	12.1	14.5	16.9	25.1	3.4	1.2
AES Smaller Companies	11.7	14.0	16.4	24.8	3.5	0.9
INVESTCO UK Smaller Companies	11.6	14.0	16.4	24.8	3.5	0.8
Credit Suisse Smaller Cos' Inc	11.0	13.4	15.8	24.2	3.7	0.9
SECTOR AVERAGE	10.9	13.1	15.5	24.0	3.6	1.5

UK Equity Income	1 year (%)	3	5	10	Volatility	Yield
Jupiter Income	11.0	12.8	15.0	23.5	3.4	4.2
GT Income	11.2	13.0	15.2	23.7	3.4	4.0
BWD UK Equity Income	11.2	13.0	15.2	23.7	3.4	3.9
River & Mercantile 1st Income	10.9	12.7	14.9	23.4	3.4	4.2
Lazard UK Income	11.1	12.9	15.1	23.6	3.3	5.0
SECTOR AVERAGE	10.9	12.7	14.9	23.4	3.3	4.7

UK Equity & Bond Income	1 year (%)	3	5	10	Volatility	Yield
Profit Technology	10.7	12.5	14.7	23.2	3.0	4.5
Baillie Gifford Conv & General	9.6	11.5	13.7	22.4	3.0	5.2
NSP Higher Income	10.9	12.7	14.9	23.4	3.0	4.2
CU PPT High Yield	10.5	12.3	14.5	23.0	3.1	5.8
Edinburgh High Distribution	10.4	12.2	14.4	22.9	3.1	5.5
SECTOR AVERAGE	10.4	12.2	14.4	22.9	3.1	5.6

INVESTMENT TRUSTS

WINNERS AND LOSERS



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

UK General	1 year (%)	3	5	10	Volatility	Yield
Finabury Trust	12.0	14.3	16.6	24.9	4.2	2.2
Finabury Growth	11.7	14.0	16.3	24.6	4.0	2.6
Mercury Keystone	11.1	13.4	15.7	24.0	4.0	2.8
Motvern UK Index	11.4	13.7	16.0	24.3	4.2	3.8
Govett Strategic	11.9	14.2	16.5	24.6	4.2	5.8
SECTOR AVERAGE	11.8	14.1	16.4	24.5	4.2	3.2

UK Capital Growth	1 year (%)	3	5	10	Volatility	Yield
Kleinwort Endowment Policy	12.2	13.1	15.0	23.0	-	-
Ivory & Sims ISIS	13.2	14.1	16.0	24.0	-	-
Welsh Industrial	11.0	12.1	14.2	22.3	4.2	5.0
Broadgate	10.7	11.8	13.9	22.0	4.5	5.4
Fleming Enterprise	9.8	10.9	13.0	21.7	4.5	5.4
SECTOR AVERAGE	11.6	12.5	14.6	22.8	4.5	2.5

Smaller Companies	1 year (%)	3	5	10	Volatility	Yield
INVESTCO English & Int'l	12.7	14.8	16.9	25.0	7.0	0.8
Henderson Strata	12.5	14.6	16.7	24.8	4.4	0.4
Gartmore Smaller Companies	12.0	14.1	16.2	24.5	4.4	2.3
Ivory & Sims UK Smaller Cos	12.5	14.6	16.7	24.8	4.4	2.3
Perpetual UK Smaller Cos	11.8	13.9	16.0	24.1	4.4	0.9
SECTOR AVERAGE	11.9	14.0	16.1	24.2	5.0	2.5

UK Income Growth	1 year (%)	3	5	10	Volatility	Yield
Value and Income	11.3	12.3	14.3	22.3	3.4	4.2
Morgan Grenfell Equity Income	10.4	11.4	13.4	21.4	3.5	4.8
M&G Income (Units)	10.3	11.3	13.3	21.3	4.4	5.1
TR City of London	10.5	11.5	13.5	21.5	4.4	4.3
Investors Capital Units	10.2	11.2	13.2	21.2	4.1	4.5
SECTOR AVERAGE	10.7	11.7	13.7	21.7	4.2	4.8

Venture and Devt Cap	1 year (%)	3	5	10	Volatility	Yield
Kleinwort Development Fund	12.2	13.1	15.0	23.0	1.9	3.9
Candover	11.5	12.4	14.3	22.3	3.4	2.9
Dunedin Enterprise	13.0	13.9	15.8	23.8	3.6	3.9
Thompson Cave	12.5	13.4	15.3	23.3	3.6	1.5
Foreign & Colonial Enterprise	14.2	15.1	17.0	25.0	4.1	1.2
SECTOR AVERAGE	11.9	12.8	14.7	22.6	3.3	2.5

International General	1 year (%)	3	5	10	Volatility	Yield
Personal Assets	11.9	12.8	14.7	22.7	3.0	2.2
Law Debenture Corporation	10.1	11.0	12.9	20.9	4.3	3.0
Second Alliance	11.2	12.1	14.0	22.0	4.3	3.0
Alliance	11.3	12.2	14.1	22.1	4.3	2.9
Brunner	11.1	12.0	13.9	21.9	4.3	2.8
SECTOR AVERAGE	10.7	11.6	13.5	21.5	3.9	2.7

The fight over the fate of the Exmoor Dual investment trust took another twist this week with the decision of Panther Securities, representing the largest shareholder in Exmoor Dual, to call for an extraordinary meeting. Panther Securities wants to replace the existing board of Exmoor with its own candidates. Panther and the board of Exmoor Dual have been talking for some time over a possible bid by Panther. Panther represents B.P. Pension Fund (unconnected with British Petroleum) which owns 29.9 per cent of the trust. Both sides admit the trust has not been a great success to date. It is a split capital investment trust with

three classes of shares - income, ordinary and zero coupon preference. Set up in 1988, this structure required a very high yield from the portfolio. As a result, the assets barely grew. Since 1988 they have stuck at around £175m. Since the zero coupon shares are entitled to £20m on wind up, income and ordinary shares might get nothing. Exmoor say they have done what is

necessary by altering the trust's investment objectives and lowering the yield last year. Panther argues that this is not enough. Andrew Perloff, a Panther director, points out that stockmarket returns over the next four years are unlikely to be as high as they have been in the past four years and that more radical restructuring is needed to ensure a decent return for all shareholders. One option he has discussed with Exmoor is converting the trust into a property company. Panther has been discussing possible terms of a recommended takeover bid for the trust. The high costs of a contested takeover mean that the only sensible course of action is a bid which has the support of the board. However the board has so

far rejected all Panther's offers as inadequate. Panther has now broken off discussions and called for an extraordinary meeting to replace the board. Relations between the two sides were not helped when Perloff discovered that, due to an administrative error, the articles of association of the trust specified a lower annual return on the zero dividend shares than had been

promised in the prospectus. Legally the zero shares are only entitled to the lower return. Perloff refuses to support a change of the articles. Perloff says the existing directors are unable or unwilling to keep the costs of a takeover to a reasonable level and that he will only consider making an improved offer once his candidates have been appointed directors. The directors say that three of the four proposed directors are also Panther Securities directors and will not be best placed to give an unbiased recommendation to shareholders if Panther makes a new offer.

Roger Taylor

Investment trusts  
Further twist in Exmoor fight



Authorised Unit Trusts

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4376 for more details.

FT MANAGED FUNDS SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as A&W Asset Managers Ltd, A&W Investment Services Ltd, and others, with columns for Name, Type, and Price.

Table listing various unit trusts such as City of London Unit Trusts, City of London Investment Services Ltd, and others, with columns for Name, Type, and Price.

Table listing various unit trusts such as City of London Investment Services Ltd, City of London Unit Trusts, and others, with columns for Name, Type, and Price.

Advertisement for FT Discovery featuring a fisherman and the text: 'Fed up with fishing for business information? FT Discovery. The instant way to hook the information you need.'

Table listing various unit trusts such as City of London Investment Services Ltd, City of London Unit Trusts, and others, with columns for Name, Type, and Price.

Advertisement for 'Guide to pricing of Authorised Unit Trusts' with sub-sections: Initial charges, Historic pricing, Staying prices, Selling prices, Treatment of manager's periodic charges, Exit charges, and Schemes particulars and reports.

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Authorised and Insurances

FT Chiltern Unit Trust Prices are available over the telephone. Call the FT Chiltern Help Desk on (+44 1773) 873 4878 for more details.

Main table containing financial data for various unit trusts, including columns for fund names, prices, and performance metrics. The table is organized into multiple columns and rows, covering a wide range of investment funds.

GUCCI timepieces advertisement featuring an image of a watch and the text 'FOR DETAILS OF YOUR NEAREST STOCKIST, PLEASE CALL 0171 371 7795'.

OTHER UK UNIT TRUSTS section listing various UK unit trusts and their details.

PROPERTY UNIT TRUSTS section listing various property unit trusts and their details.

INSURANCES section listing various insurance products and their details.



Insurances, Money Markets and Other

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Main table containing various fund categories such as General Accident, Life Assurance, and Money Market. Each entry includes fund names, prices, and performance metrics.

Money Market Trust Funds

Table listing Money Market Trust Funds with columns for fund name, price, and other details.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for bank name, account type, and interest rate.

MANAGEMENT SERVICES

Table listing various Management Services with columns for service name, provider, and contact information.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various offshore funds under the Bermuda (SIB RECOGNISED) category, including fund names, managers, and performance metrics.

BERMUDA (REGULATED)\*\*

Table listing various offshore funds under the Bermuda (REGULATED)\*\* category, including fund names, managers, and performance metrics.

GUERNSEY (SIB RECOGNISED)

Table listing various offshore funds under the Guernsey (SIB RECOGNISED) category, including fund names, managers, and performance metrics.

GUERNSEY (REGULATED)\*\*

Table listing various offshore funds under the Guernsey (REGULATED)\*\* category, including fund names, managers, and performance metrics.

Table listing various offshore funds under the IRELAND (SIB RECOGNISED) category, including fund names, managers, and performance metrics.

Table listing various offshore funds under the IRELAND (REGULATED)\*\* category, including fund names, managers, and performance metrics.

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Table listing various offshore funds under the IRELAND (REGULATED)\*\* category, including fund names, managers, and performance metrics.

Offshore Funds

Table listing various offshore funds under the ISLE OF MAN (SIB RECOGNISED) category, including fund names, managers, and performance metrics.

ISLE OF MAN (REGULATED)\*\*

Table listing various offshore funds under the Isle of Man (REGULATED)\*\* category, including fund names, managers, and performance metrics.

JERSEY (SIB RECOGNISED)

Table listing various offshore funds under the Jersey (SIB RECOGNISED) category, including fund names, managers, and performance metrics.

JERSEY (REGULATED)\*\*

Table listing various offshore funds under the Jersey (REGULATED)\*\* category, including fund names, managers, and performance metrics.

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Table listing various offshore funds under the IRELAND (REGULATED)\*\* category, including fund names, managers, and performance metrics.

Table listing various offshore funds under the IRELAND (SIB RECOGNISED) category, including fund names, managers, and performance metrics.

Table listing various offshore funds under the IRELAND (REGULATED)\*\* category, including fund names, managers, and performance metrics.

Table listing various offshore funds under the IRELAND (SIB RECOGNISED) category, including fund names, managers, and performance metrics.



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Offshore Funds and Insurances

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Main table containing fund names, prices, and performance metrics. Includes sub-sections for 'OTHER OFFSHORE FUNDS' and 'Global Growth Holdings Limited'.

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MANAGED FUNDS NOTES. Text: 'This section contains information on the funds listed in the table above. It includes details on the fund's investment objectives, risks, charges, and performance history.'



Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

Table of stock market data for North America, including US, Canada, and Mexico indices and individual stock prices.

EUROPE

Table of stock market data for Europe, including UK, Germany, France, Italy, and other regional indices and stock prices.

ASIA

Table of stock market data for Asia, including Japan, Hong Kong, and other regional indices and stock prices.

INDICES

Summary table of various global stock indices with columns for date, high, low, and change.

US INDICES

Detailed table of US stock market indices, including Dow Jones, S&P 500, and sector-specific indices.

AFRICA

Table of stock market data for African markets, including South Africa and other regional indices.

INDEX FUTURES

Table showing futures prices for major indices like S&P 500, Dow Jones, and Nikkei.

US INDICES

Additional table of US indices, including bond yields and market ratios.

AFRICA

Table of African market data, including exchange rates and regional performance.

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Large advertisement on the right side of the page with the text 'Now ahead' and 'Kongs stock'.

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WORLD STOCK MARKETS

Dow ahead after volatile morning Financials in the van as Stockholm soars

Restructuring is paying off, writes Greg McIvor

AMERICAS

US shares were mixed at midsession. Blue chips continued the rally which began on Thursday, while technology issues fell victim to a bout of profit-taking...

toward that sector, in reach of its record high by Thursday's close. In early afternoon trading the Nasdaq was off 5.78 at 1,290.08 and the Pacific Stock Exchange technology index was 0.7 per cent lower...

market. Some of yesterday's weakest technology shares on the Nasdaq were the large capitalization issues that had led the recent rally. Intel, for example, lost 2 1/2% at \$38.50...

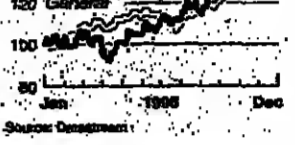
relatively subdued after the previous day's dramatic 167 point advance. At noon, the 300 composite index was up 3.32 at 5,847.82.

index was 20.2 higher at 1,363.5. SANTIAGO moved ahead steadily through the morning with the market driven mostly by good demand for the Endesa power plant...

Investors in Swedish equities will have fond memories of 1996. Stockholm, alongside its Nordic cousins in Helsinki, Oslo and Copenhagen, has been one of the strongest performers among established European bourses this year...

lysts predict falling property yields, rising rents and declining vacancy rates next year. The year's star performer was Hennessy & Mauritz, the fast-growing retail clothes chain...

ness is such that recent pulp prices increases flagged by some producers this month may have to be withdrawn. With most of the large forestry companies warning of at best a slow recovery in prices next year, sentiment appeared set to remain guarded in the short term...



Swedish equities: Share price and index (left-hand axis) (Right-hand axis)

Drugs stocks enliven Paris bourse

EUROPE

Heavy activity in drugs shares made for a lively session in PARIS where the CAC 40 index drove higher for the third day running to close up 29.83 at 2,278.53.

FRANKFURT, for a time, seemed to have broken out of the underperformance of the previous two days but it closed a percentage point below its best with the Dax index just 10.71 higher at an all-time high of 2,885.54.

FTSE Actuaries Share Indices: THE EUROPEAN SERIES. Table with columns for Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1.

counteract foreign selling. The SMI index turned back from a high of 3,908.6 to close 9.3 better on the day at 3,891.1.

early cut in interest rates. The Comit index was 5.54 higher at 660.94 while the real-time Mibtel index finished 17 weaker at 10,461.

THE WEEK'S CHANGES: Amsterdam +4.2, Paris +3.4, Stockholm +3.0, Milan +2.7, Zurich +1.9, Frankfurt +0.7.

the past seven months, rose only 11 pfg to DM7.07 as it traded in DM7.7bn.

Swissair recouped some of Thursday's 5.7 per cent loss, rising 57.27 to SF1,062.

MILAN drifted down to an earlier finish ahead of the last batch of December inflation figures from sample cities as hopes grew for an

South Africa: A better day for the rand and bullion price combined with continued bargain hunting to lift shares in Johannesburg for the third session running. The overall index gained 72.4 to 6,640.4.

Hong Kong up 2.2%, Nikkei steady

ASIA PACIFIC

The decline in US bond yields and Wall Street's overnight surge helped HONG KONG to post its biggest points gain this year. The Hang Seng index charged 284.85 or 2.2 per cent higher to 13,131.41 in turnover that dipped to HK\$7bn.

from 421m shares to an estimated 411m, as pension funds and investment trusts returned to the buying side after Thursday's plunge of the 225 index to a new closing low for the year.

the week's changes: Bombay +5.1, Seoul +4.7, Hong Kong +2.0, Sydney +2.4, Tokyo +2.2, Bangkok -6.5.

the day was 804.45. SYDNEY closed sharply higher in brisk trade with strong overnight gains on Wall Street and improved base metal prices boosting sentiment. The All Ordinaries index gained 42.1 to 2,373.2.

FT/S&P ACTUARIES WORLD INDICES: Table with columns for US, Day's Change, Thursday December 19 1996, Friday December 20 1996, and DOLLAR INDEX.

Among blue-chip gainers, Sanyo advanced ¥100 to ¥3,170, Toyota to ¥100 to ¥3,230 and TDK by ¥130 to ¥2,160.

Osaka, the OSE average fell 28.97 to 20,069.64 in volume of 54.2m shares.

BOMBAY was cheered by hopes that the Congress Party would be able to regroup following the resignation of the former prime minister, Mr P V Narasimha Rao, as chief of the party's parliamentary team.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Table with columns for Call/Put, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, and various option prices.

RISERS AND FALLS

Table with columns for British Funds, Other Fixed Interest, and various stock prices.

TRADITIONAL OPTIONS

Table with columns for First Dealings, Last Dealings, and various option prices.

LONDON RECENT ISSUES: EQUITIES

Table with columns for Issue, Amt, Mkt, Price, and various equity issues.

FT/S&P ACTUARIES WORLD INDICES: Table with columns for US, Day's Change, Thursday December 19 1996, Friday December 20 1996, and DOLLAR INDEX.

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RIGHTS OFFERS

Table with columns for Issue, Amount, Lastest, and various rights offers.

FT 30 INDEX

Table with columns for Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1.

FT GOLD MINES INDEX

Table with columns for Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1.

TRADEPOINT INVESTMENT EXCHANGE

Daily turnover for 20/12/1996: Volume: 660,000, Value: £2,438,425.

FT 30 INDEX

Table with columns for Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1.

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Small text at the bottom of the page containing legal disclaimers and publication information.



LONDON STOCK EXCHANGE - DEALINGS

Details of business done above have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is now delivered by Ecolat, part of Financial Times Information.

British Funds etc

Investment 8 1/2% Lds 2000 - 103 1/2 % (180498)
Investment 8 1/2% Lds 2001 - 101 1/2 % (170498)
Investment 8 1/2% Lds 2002 - 101 1/2 % (170498)

Corporation and County Stocks

London City of 11 1/4% Red Sls 2000 - 122 1/2 % (170498)
London City of 7 1/2% Lds 2001/2019 - 87 1/2 % (180498)
Newcastle Upon Tyne City of 11 1/4% Red Sls 2001 - 125 1/2 % (170498)

UK Public Bonds

Part of London Authority Part of London 3 1/2% Red Sls 2001 - 125 1/2 % (170498)
National Westminster Bank PLC 11 1/4% Lds 2000 - 122 1/2 % (170498)

Commonwealth Government

South Australia 7% Conv Incr Sls 1816 or After (Reg) - 35 (170498)
Foreign Stocks, Bonds etc

Coupons Payable in London
BAA PLC 8 1/2% Conv Sls 2000 - 90 7/8 % (180498)

Debt Issuance Programmes

Barclays & Blythe Building Society Coll Fld Rls Ns 2003 (Reg) - 139 1/2 % (180498)
Harris Building Society Coll Fld Rls Ns 2003 (Reg) - 139 1/2 % (180498)

Sterling Issues by Overseas Borrowers

Alkerm Development Bank 11 1/2% Lds 2001 (Reg) - 120 1/2 % (170498)
Asian Development Bank 10 1/4% Lds 2000 (Reg) - 116 1/2 % (170498)

British American Tobacco PLC 10% Lds 2000 - 100 1/2 % (180498)
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Listed Companies (excluding Investment Trusts)

Abbey National PLC 10 1/4% Non-Conv Sls 2001 (Reg) - 118 1/2 % (180498)
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Financial Times. World Business Newspaper. New Year illuminations. A Review of 1996: December 31. A Preview of the Arts in 1997: January 4. A Calendar of Major Events in 1997: January 6. An Analysis of Global Industries: January 7. A happy and enlightening New Year from the FT.

Net gain. NEW ON THE SITE. FT.COM. FINANCIAL TIMES. London Pound & Dollar spot rates. (http://www.ft.com) A new 'London Pound and Dollar spot rate' service is now available on the FT internet site. This service offers fast and easy access to the previous day's closing spot rates in London for 38 currencies against the Pound and the Dollar. It will also include one week's trading history. So now you have even more to gain by logging on to http://www.ft.com. Financial Times. World Business Newspaper.

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LONDON STOCK EXCHANGE

Footsie pushes ahead to new closing peak

MARKETS REPORT

By Peter John

With UK dealers starting the day after a near record rise on Wall Street, there was only one way for London to go yesterday.

Footsie opened at a new intraday high of 4,096.4 and the latest economic data on the current account deficit gave no cause for upset as traders jostled for position ahead of derivatives expiries at 10.30am.

All the UK indices sailed effortlessly through the choppy waters of double witching and Footsie closed at 4,077.6, beating the previous record set in late October by just four points.

The FTSE 250, which is less exposed to the rise and fall of Wall Street because the stocks in the index tend not to be traded internationally, lifted 41.6 to 4,448.4.

But it remained more than 100 points adrift of the 4,568.8 peak achieved in April.

All gains have been accompanied by impressive share volumes. This week has been the busiest for three months.

A punchy 854.4m shares by 6pm. There was talk that some big institutional pessimists, who have been very overweight in cash because of their fears that equities are set for a big correction, were beginning to lose their nerve and buy back into the market.

"These 'cash cows' have been milked so badly, they're turning bullish," quipped one senior equities trader.

Fingers were pointed at PDM, the fund management company which has made a huge bet on a stock market correction of about 15 per cent.

That no big asset allocation decisions would be made before the year end.

Although a long-term bull of the market, he has put this week's moves down to "a panicky head of steam" blowing over from the US.

However, Mr Ian Williams, strategist with Panmure Gordon and another of the market's leading bulls, believes that nerves over a US correction are unwarranted.

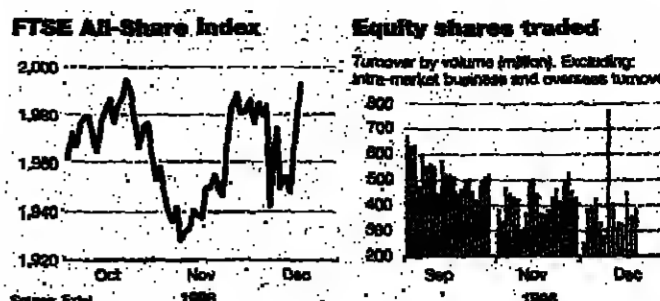


Table with columns for Index and ratios, listing FTSE 250, FTSE 350, FTSE All-Share, FTSE All-Share yield, FT 30, FTSE Non-Fin p/e, FTSE 100 Fut Dec, 10 yr Gilt yield, and Long gil/equity yield ratio.

TRADING VOLUME IN MAJOR STOCKS

Table listing trading volume in major stocks with columns for Vol, Closing, and Days change.

EQUITY FUTURES AND OPTIONS TRADING

Table showing expiry in both stock index futures and options with columns for Open, Best price, Change, High, Low, Est. vol, and Open int.

FTSE - LEADERS & LAGGARDS

Table showing percentage changes since December 29 1995 based on Friday December 20 1996.

Pre-Xmas jitters for stores

Christmas nerves about the retail sector erupted into a substantial sale of several stocks, after the market grew alarmed at reports of poor December trading.

The move out of the sector, which made it one of the market's worst performers, was prompted by Cazenove's allegedly stating it was worried about current sales.

The trend was strengthened among clothing retailers, including Marks and Spencer and Next, after a statement from Clarendon Garments, a substantial supplier to M & S, that sales in the run-up to Christmas were running below best expectations.

Dealers said such a move would trigger a spate of profit downgrades for the coming year. Analysts estimated that lost interest would be around £20m, which would cut profit estimates by that amount to around £285m for the year to December 1997.

Fears on the dividend in the wake of the US ruling were another factor in the day's slide. Market specialists suggested GKN may not be able to raise this year's final dividend by 5 per cent as many had been predicting, choosing instead to peg it to last year's level.

The shares lost another 17 to 929 1/2, with 4.1m having been dealt by the close. Pearson, owner of the Financial Times, rose 9 to 717 1/2, with strategists at NatWest Securities singling out the stock as one of its preferred list of 15 stocks for 1997.

FTSE Actuaries Share Indices

Table showing FTSE Actuaries Share Indices with columns for Day's, Dec 20, Dec 19, Dec 18, Dec 17, and various performance metrics.

The UK Series

Table showing The UK Series with columns for Day's, Dec 20, Dec 19, Dec 18, Dec 17, and various performance metrics.

OFFER FACILITY

Table listing Offer Facility with columns for Company, Offer Price, and Change on 12/10/96.

IMPORTANT NEWS FOR MORTGAGE CUSTOMERS

Interest Rate Change. The rate of interest for new and existing mortgage customers (in appropriate cases the standard variable rate) will increase by 0.25% to 6.99% with effect from 20th December 1996.

Hourly movements

Table showing hourly movements for FTSE 100, FTSE 250, FTSE 350, and FTSE All-Share.

FTSE 350 industry baskets

Table showing FTSE 350 industry baskets with columns for Basket, Open, 10.00, 11.00, 12.00, 13.00, 14.00, 15.00, 16.10, Close, Previous, and Change.

APPOINTMENTS

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APPOINTMENTS

Financial Times, One Southwark Bridge, London SE1 9HL. Financial Times, One Southwark Bridge, London SE1 9HL.



LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, share price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector with columns for company name, share price, and change.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector with columns for company name, share price, and change.

BREWERS, PUBS & REST

Table listing companies in the Brewers, Pubs & Rest sector with columns for company name, share price, and change.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector with columns for company name, share price, and change.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector with columns for company name, share price, and change.

CHEMICALS

Table listing companies in the Chemicals sector with columns for company name, share price, and change.

CHEMICALS - Cont.

Table listing companies in the Chemicals - Cont. sector with columns for company name, share price, and change.

DISTRIBUTORS

Table listing companies in the Distributors sector with columns for company name, share price, and change.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector with columns for company name, share price, and change.

ELECTRICITY

Table listing companies in the Electricity sector with columns for company name, share price, and change.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Eqpt sector with columns for company name, share price, and change.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, share price, and change.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company name, share price, and change.

ENGINEERING

Table listing companies in the Engineering sector with columns for company name, share price, and change.

ENGINEERING - Cont.

Table listing companies in the Engineering - Cont. sector with columns for company name, share price, and change.

ENGINEERING, VEHICLES

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HOUSEHOLD GOODS - Cont.

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HOUSEHOLD GOODS - Cont.

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INVESTMENT TRUSTS - Cont.

Table listing companies in the Investment Trusts - Cont. sector with columns for company name, share price, and change.

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INVESTMENT TRUSTS - Cont.

Table listing companies in the Investment Trusts - Cont. sector with columns for company name, share price, and change.

Advertisement for Laurent-Perrier champagne featuring the text 'PUT SOME COLOUR IN HIS CHEEKS THIS CHRISTMAS' and a small image of a champagne bottle.

ENGINEERING - Cont.

Table listing companies in the Engineering - Cont. sector with columns for company name, share price, and change.

ENGINEERING, VEHICLES

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EXTRACTIVE INDUSTRIES

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# FINANCIAL TIMES

Weekend December 21/December 22 1996

**LEGAL DEFINITIONS**

affidavit n. 1 agreeable Welsh farmer  
2 written statement produced in court which should be carefully drawn up. See notes a Maw. asap (ph 0171-248-4282)

**Rowe & Maw**

LAWYERS FOR BUSINESS

## Fujimori writes to Clinton as captives' living conditions deteriorate

# Peru's president pledges to protect hostages in Lima

By Sally Bowen in Lima and news agencies

President Alberto Fujimori of Peru pledged to protect the lives of 380 hostages held by leftwing guerrillas in the Japanese ambassador's residence in Lima as evidence emerged yesterday of deteriorating living conditions inside the compound.

Mr Fujimori, who has made no public comment since the residence was seized on Tuesday evening, made the promise in a letter to US president Bill Clinton.

He said he was seeking "to achieve a solution as soon as possible to this crisis, the principal objective being the safeguarding of the health and life of those who are inside".

A hand-written placard displayed from a window at the residence called for water, electricity and telephone ser-

vices to be reconnected. A second placard said: "Urgent, government, let NHK [the Japanese state television channel] come in." Counter-terrorist police, however, refused to allow journalists to enter the cordoned-off area.

There were suggestions of tension between Peru and Japan on the approach to be taken to the crisis. The Jiji news agency in Tokyo quoted the chief government spokesman, Mr Seiroku Kajiyama, as saying there was a "considerable difference between the views of Japan and Peru". Foreign ministry officials later denied this was the case.

Meanwhile, the hostages - all men since the release late on Tuesday of women captives - have been sleeping on the floor in cramped conditions and living on a sparse diet.

More deliveries of food and water were made yesterday,

written messages were passed between the hostages and their families, and a Red Cross representative was trying to negotiate clean clothing and portable toilets.

Mr Anthony Vincent, Canadian ambassador in Lima and one of five senior diplomats released on Tuesday, has emerged as a central figure in the negotiations with the 20 or so guerrillas from the Marxist Tupac Amaru Revolutionary Movement. The guerrillas have said they want to talk to Mr Fujimori and will begin killing hostages if their comrades are not released from Peruvian jails.

Mr Vincent met Mr Yukihiko Ikeda, Japanese foreign minister, yesterday. There were some expectations he would visit the Callao naval base where Mr Victor Polay, MRTA founder leader, is imprisoned.

Mr Ikeda had arrived in Lima on Thursday evening, with a delegation of 20 diplomats and 90 other officials, and went almost immediately to meet Mr Fujimori and Mr Alberto Pandolfi, prime minister.

Any decision to storm the residence would require authorisation from Tokyo since under international law it is Japanese soil.

Japan has traditionally favoured a softer approach to negotiation with terrorists than Mr Fujimori. Reuters, however, reported the government as saying an emergency cabinet meeting had agreed "not to accept the demand to release any terrorists held in Peru's jails".

Teams from all over the world have arrived in Lima to help with negotiations. The US sent a group "to advise the ambassador".

## Fishing quotas

Continued from Page 1

agreed when it joined the EU in 1995.

The ministers agreed a quota for North sea sole of 18,000, a rise on the Commission's 12,000 tonnes which would have meant a 50 per cent cut in the catch.

One of the biggest battles was over the allocation of rights to cod, herring, sprat and salmon in the Baltic. A re-allocation had to be agreed because Sweden and Finland's bilateral accords with Estonia, Latvia and Lithuania have ended following their accession to the EU. A deal involving Germany, Denmark, Finland and Sweden was agreed. Mr Tony Baldry, UK fisheries minister, claimed a victory after British catch quotas for next year were kept within a fraction of 1996 levels.

## Clinton cabinet

Continued from Page 1

remaining as Treasury secretary, and Mr Gene Sperling, new assistant for economic affairs.

Their appointments had suggested the new administration might tilt towards a more conservative economic policy, with greater emphasis on budget deficit reduction and an avowedly bipartisan approach to domestic policy.

But the appointments of Mr Cuomo, Ms Herman and Mr Peña will be seen as a nod towards a more liberal approach. Mr Cuomo is a rising star in the administration whose credentials as a well-connected, liberal-inclined Democrat are unchallenged.

## BNL alliance is favourite in Banco di Napoli bid

By John Simkins in Milan

Banca Nazionale del Lavoro and its partner Istituto Nazionale Assicurazioni emerged as the favourite candidates to buy a 60 per cent stake in the troubled Banco di Napoli when bids closed last night.

Under the rules of the auction, however, the chances of Mediocredito Centrale, the medium and long-term credit institution which presented the only other offer for the Italian Treasury's holding, cannot be ruled out.

The auction, which is part of a restructuring plan for Banco di Napoli, failed to attract any of the three overseas organisations which expressed interest in the tender process earlier. The narrow field underlines the lack of credibility of the Italian banking system which has suffered from political interference and poor profits.

Mediocredito Centrale was the only institution to commit itself to make an offer earlier this month and, as such, will earn the right to try again if its bid is lower than that of

## Two offers received for 60% stake in troubled bank

erful banking alliance combining the branches of Banco di Napoli, which is strong in southern Italy with an 18 per cent share of retail banking, with those of BNL, which focuses on central Italy and the north.

The partnership might also make more attractive an eventual privatisation of BNL. Currently, 85 per cent of its shares carrying voting rights are held by the Treasury. For the recently privatised Ina, the deal would provide access to a banking network for its insurance products.

The winner is expected to have to find fresh capital for Banco di Napoli. The bank's estimated loss of about L1,600bn (£1,050bn) in 1996 will use up much of a L2,000bn capital injection authorised by the Treasury this week.

The Treasury was criticised by Mr Karel Van Miert, the European Union competition commissioner, for allowing the capital increase without awaiting approval from Brussels, which has been concerned this might infringe state aid rules.

## CS Holding expects \$1.6bn loss in 1996

Continued from Page 1

It made serious mistakes in its lending policy. SBC and CS have responded to the need for extra charges by changing their loan loss provisioning policy.

CS is following SBC and switching to a method where it sets its annual provisions according to a statistically expected credit loss rather

than actual defaults. As actual losses will be higher or lower than the expected amount, it is establishing a SFR2bn fluctuation reserve, or incremental credit reserve, as a cushion.

CS will charge SFR1.55bn of the cost of its SFR2bn incremental credit reserve to the profit and loss account.

## THE LEX COLUMN

# Tokyo tightens

Spare a thought for the Japanese government. With a budget deficit around 8 per cent of gross domestic product and government debt approaching 100 per cent of GDP, it naturally wants to improve its finances. But the economy also desperately needs to grow if the banking sector is to be relieved of the dead-weight of bad debts. By announcing plans to tighten fiscal policy next year for the first time this decade, the government has bet that it can have its cake and eat it - cut borrowing without jeopardising the fragile recovery.

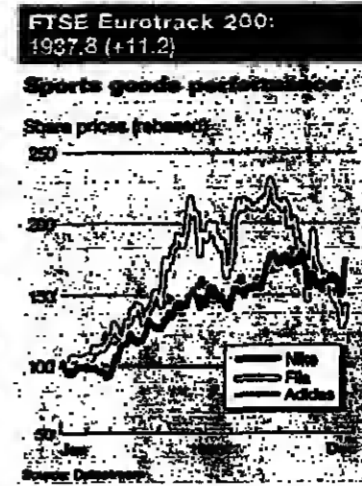
It is a big gamble. What little economic growth there has been over the past two years has been dependent on government efforts to pump-prime the economy; monetary stimulation has been ineffective in boosting demand. Now the government is hoping the private sector will take up the growth baton. Whether it can bear the burden is doubtful. Government projections that the economy will grow by about 2 1/2 per cent next year are a full percentage point higher than the Organisation for Economic Co-operation and Development's forecast. If its sums are wrong, the consequences could be grave.

There is also the international angle: the US, in particular, would like to see Japan buy more of its goods. But a deflationary budget risks having the opposite effect. If Japan's trade surplus with the US balloons again, it will re-ignite old trade frictions. Of course, the government may lack the nerve to go through with yesterday's plans; otherwise, it will need to be both savvy and fortunate if what might be bravery does not come to be seen purely as foolishness.

## Sports goods

The time was when sports goods companies were cottage industries, known only to that happy band who enjoyed getting out of puff during their spare time. No longer. Now names such as Nike, Adidas and Reebok are among the most powerful consumer brands around. They are also very substantial businesses - Nike, for example, has a market capitalisation of more than \$11bn.

The shift from sports goods to leisure brands reflects both healthier lifestyles and the advent of sportswear as fashion. Acquiring street credibility has allowed names like Nike and Fila to sell to much larger markets than simply sports



participants. But the real impetus behind the sector's growth in recent years has come from a powerful blend of television, celebrity and fashion. TV provides huge publicity. But for a brand to acquire real sales potential it also needs endorsement by a celebrity player. If icons of popular culture like Madonna or the Gallagher brothers of Oasis add further, voluntary endorsement, the message becomes more powerful still.

All this is much less true of hardware manufacturers - a tennis racket has a far smaller potential market than a pair of shoes. Equipment manufacturers are faced with a further problem: stagnant markets in sports such as golf, skiing and tennis. Success is possible in these circumstances - witness Callaway Golf, which has grown to a market capitalisation of over \$2bn in around six years. But it requires an outstanding technical or design innovation - oversize metal woods in the case of Callaway, or parabolic skis.

However, technical innovation alone is not enough. If innovation is to be profitable, it must appeal to the recreational user rather than the professional. Another way to make money is to respond quickly; fad sports like roller-blading and snow-boarding enjoyed phenomenal growth off negligible bases. But only those who saw the trend early made outstanding returns.

Investors may worry whether companies like Nike and Callaway can maintain their strong growth records. One way they can is through attacking new markets, both in terms of geography and choice of sport. Nike's \$200m-£400m sponsorship of the Brazilian football

team, for example, is an aggressive attempt to muscle in on the football market, currently dominated by Adidas. Another option is to capitalise on a sport such as rugby, whose commercial potential is still in its infancy following the recent switch to the professional code.

Many of these sports stocks have rewarded investors handsomely this year. But their susceptibility to fashion still leaves them looking high-risk. Fila and Adidas remain salutary tales of how speedy the fall from favour can be; but their subsequent rehabilitation also shows that strong brands can bounce back. Fashionable apparel stocks clearly have greater growth potential than pure equipment companies; but even here the brilliant innovation will always command rewards.

## UK textiles

With countless woolly jumpers and frilly knickers being sold in the run-up to Christmas, Britain's textile manufacturers should be on a roll. Yet this allegedly cyclical sector has conspicuously failed to cycle; despite buoyant consumer markets, the underperformance of textile stocks has been unremitting. This week's profit warnings were just the latest to unstick the market's threadbare confidence.

As always, there are one-off excuses. But the underlying pattern is clear: retailers have simply been snipping margins down to ever finer levels. Part of the reason is that low inflation has constrained their own freedom to increase prices. But just as important has been competition from cheaper imported goods.

Still, the gloom should not be overdone. What remains of Britain's textile industry is not simply letting itself be competed into oblivion. Heavy cost-cutting is under way; indeed, part of the explanation for this year's gruesome results is heavy restructuring costs and associated disruption. Together with growing offshore production, these labours should help to stabilise margins - even without the price increases that one manufacturer, Claremont Garments, yesterday said it was finally beginning to see.

Moreover, the stocks are certainly cheap; the sector is trading at an average of less than 10 times next year's earnings and a prospective yield of more than 7 per cent. Value investors should be thinking of including some in their Christmas stockings.

**FT WEATHER GUIDE**

**Europe today**

An easterly flow will bring cold air to the Benelux, Germany and Poland, with temperatures below freezing. Northern regions will be sunny. Belgium and southern Germany will have cloud. The UK will also turn dry and colder, but with temperatures above freezing. France and the Alps will have cloud and patches of rain. The Ukraine will have snow. Southern Europe will turn mild. The Iberian peninsula will have showers. Southern Italy and Greece will be sunny. Some showers are also expected in Turkey.

**Five-day forecast**

North and north-western Europe will continue cold and mainly dry. The south will be mild. Along the boundary, in France and the Alps, there will be cloud and patches of rain. The Iberian peninsula will turn dry, and Italy and south-eastern Europe will become unsettled.

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

Maximum	Minimum	Forecast	Maximum	Minimum	Forecast
Abu Dhabi	sun 25	fair 4	Caracas	sun 30	fair 5
Accra	sun 22	showery 2	Cardiff	sun 18	cloudy 2
Algiers	sun 22	showery 2	Casablanca	cloudy 2	cloudy 2
Amsterdam	sun 17	fair 18	Chicago	sun 1	fair 1
Athens	sun 17	fair 33	Cologne	sun 1	fair 1
Atlanta	sun 9	cloudy 1	Dallas	sun 28	sun 28
B. Aires	sun 25	rain 3	Dakar	sun 27	sun 27
B. Aires	sun 25	rain 3	Deli	sun 23	sun 23
B. Aires	sun 25	rain 3	Dubai	sun 27	sun 27
B. Aires	sun 25	rain 3	Dublin	cloudy 1	fair 5
B. Aires	sun 25	rain 3	Dubrovnik	sun 20	sun 20
B. Aires	sun 25	rain 3	Edinburgh	sun 23	cloudy 4
B. Aires	sun 25	rain 3	Faro	shower 14	shower 10
B. Aires	sun 25	rain 3	Frankfurt	cloudy 2	fair 18
B. Aires	sun 25	rain 3	Geneva	rain 7	sun 13
B. Aires	sun 25	rain 3	Glasgow	sun 4	sun 3
B. Aires	sun 25	rain 3	Hamburg	sun 4	sun 3
B. Aires	sun 25	rain 3	Helsinki	cloudy 2	sun 13
B. Aires	sun 25	rain 3	Hong Kong	sun 19	sun 19
B. Aires	sun 25	rain 3	London	sun 15	sun 15
B. Aires	sun 25	rain 3	Madrid	shower 10	shower 10
B. Aires	sun 25	rain 3	Moscow	show-2	show-2
B. Aires	sun 25	rain 3	Mumbai	sun 29	sun 29
B. Aires	sun 25	rain 3	Nairobi	sun 25	sun 25
B. Aires	sun 25	rain 3	Paris	rain 7	rain 7
B. Aires	sun 25	rain 3	Rangoon	cloudy 1	cloudy 1
B. Aires	sun 25	rain 3	Reykjavik	cloudy 1	cloudy 1
B. Aires	sun 25	rain 3	Rio	sun 31	sun 31
B. Aires	sun 25	rain 3	Rome	sun 17	sun 17
B. Aires	sun 25	rain 3	S. Francisco	sun 12	sun 12
B. Aires	sun 25	rain 3	Seoul	sun 3	sun 3
B. Aires	sun 25	rain 3	Singapore	show-1	show-1
B. Aires	sun 25	rain 3	Stockholm	sun 4	sun 4
B. Aires	sun 25	rain 3	Sydney	sun 17	sun 17
B. Aires	sun 25	rain 3	Taipei	sun 20	sun 20
B. Aires	sun 25	rain 3	Tokyo	sun 11	sun 11
B. Aires	sun 25	rain 3	Toronto	sun 1	sun 1
B. Aires	sun 25	rain 3	Vancouver	sun 4	sun 4
B. Aires	sun 25	rain 3	Verona	cloudy 9	cloudy 9
B. Aires	sun 25	rain 3	Warsaw	sun 2	sun 2
B. Aires	sun 25	rain 3	Washington	sun 2	sun 2
B. Aires	sun 25	rain 3	Wellington	sun 17	sun 17
B. Aires	sun 25	rain 3	Winnipeg	sun 17	sun 17
B. Aires	sun 25	rain 3	Zurich	sun 5	sun 5

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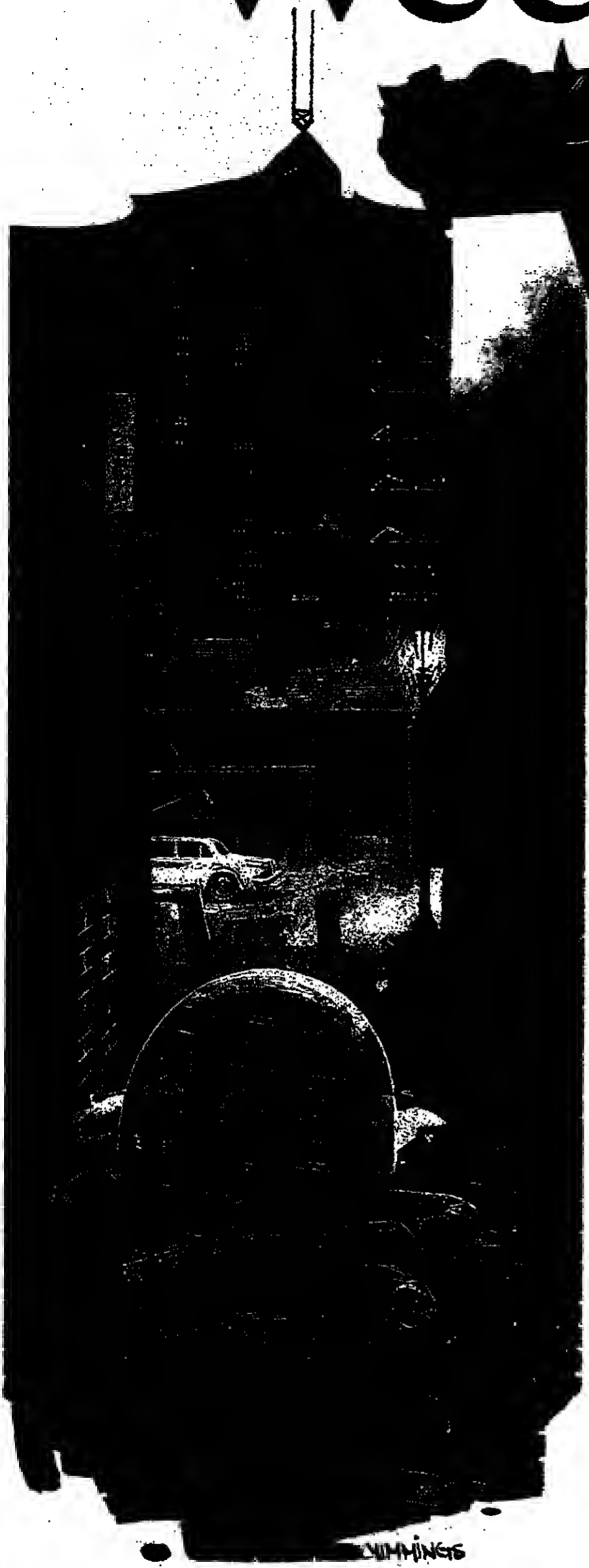
# motoring

Every Saturday in the Weekend section

سكنا في الجبل



# Weekend FT



**C**harlie was late for the most important meeting of the year, and there was no one to blame but Alain Juppé. French industrial unrest was stylish, festive even, but nonetheless effective for that.

Thanks to the "day of action", it took Charlie an hour to get through the Champs Elysées, time mostly spent shouting into a mobile phone over the noise of sirens, haggling with airline people and staking out a new position in Swedish bonds.

The chanting Parisian demonstrators milled around the stranded cars. One unfurled banner caught Charlie's eye. "Viva le Metro Français". That had to be something to do with Samwoo putting in a bid for the new subway line. Crowd control was a Korean specialty. Maybe Samwoo should bid for that franchise too.

For a moment, Charlie considered getting out of the taxi and spending the day shopping. Protesting and shopping, both were worthy causes in the days before Christmas.

But this was a meeting that simply couldn't be missed. The investors waiting in Geneva had the power to make a mass of the fund management team and the bank.

Times were tough enough at Berwick Brothers anyway. There was still talk of a German takeover and the demise of London's last independent merchant bank, and you couldn't walk into a pub in the City without jokes about Bryan Fildes. The bank's foreign exchange manager had been in the middle of downgrading some high-resolution part on the bank's intranet when the Bank of England hiked interest rates. In a matter of seconds £3m had vaporised from the balance sheet.

Worse still, somebody leaked the story to the press.

The mobile rang. It was Natasha, Charlie's assistant. She had found a flight via Milan. "My Italian friend will do everything," she said in her husky Russian accent.

"But there is the question of price."

"How much?" said Charlie. Natasha produced a number that would have bought a long weekend at the George V hotel.

Charlie gave a little cough of surprise.

**A thriller in five parts by Peter Tasker, author of Silent Thunder and Buddha Kiss. He is also Japan strategist for Dresdner Kleinwort Benson. His tale of murder and greed continues on Monday, Tuesday and Friday, with a tantalising climax next Saturday. You can play a part in the final chapter by entering our competition - see Page II**

"Market forces, darling," purred Natasha. A sophisticated, highly literate woman, but she still had difficulty in distinguishing capitalism from crime.

The gruelling bit came afterwards with the questions.

"Your results are creditable once more, but the underlying philosophy is open to question. Why, for example, do you persist with this aggressive short selling?"

That was the German speaking, and for emphasis, waving his spectacles like Herbert von Karajan conducting the Berlin Philharmonic.

"Because that's where the opportunities are," answered Charlie briskly. "The tendency to overvalue assets is far more common than the tendency to undervalue them."

"Your shorts in Olivetti and Eurotunnel both worked well," continued the German, tapping his spectacles on the desk. "But this spread play between French and German bonds - it's losing money. Why do you assume that monetary union will be delayed?"

"We don't assume that. We just assume that you're not being sufficiently rewarded for assuming it does take place."

"But this is no longer a question of economics. It is a question of political discipline."

"You make an excellent point there," said Charlie smiling sweetly. A 33-year-old woman would always have to listen respectfully to the opinions of a 58-year-old customer. Even if she had taken a first in PPE at Balliol, had studied under Alan Blinder at Princeton, and was one of the top performing fund managers in Europe. Such was life.

There was a knock at the door. "Entrez s'il vous plait," said Charlie.

It was the manager of the hotel. He was carrying an ornately decorated telephone on a silver tray. "A call for Miss Charlotte Deane."

"I instructed that there

must be no interruptions," said the German investor, aiming his spectacles at the man like a pistol.

"But the caller insisted. She said it was extremely urgent."

Charlie muttered an apology to the others and took the phone to the far end of the room. Natasha's voice came through the receiver, sounding smaller than usual: "Are you sitting down? Something has happened. It's Piers."

"Piers? What on earth has he been up to now?"

"I'm afraid Piers is dead. It was Natasha, and burst into tears.

Charlie leant back in her chair, the receiver suddenly heavy in her hand. Outside the grey waters of Lake Geneva creased and wrinkled in the wind.

Two hours later, Charlie was on the last flight to London, her mind buzzing with thoughts, most of them bad. Unlike Natasha, she had never had an affair with Piers, and indeed had harboured suspicions about the great intelligence that others had claimed to see in him. Her view had always been that his talent for self-promotion considerably exceeded his talent for investment.

Still, it was an awful business, and his contribution to the bank would be badly missed. His contacts in the financial world were legendary. Indeed, it was Piers who had introduced the Geneva investors, a deal which had eventually doubled the size of Berwick's funds under management.

From what Charlie pieced together from Natasha, Piers had been staying at the converted windmill in Norfolk that he had recently bought. After spending the day supervising the renovations, he went to the local pub and drank heavily. Then something or other a fire started in the night.

Piers' bed was surrounded by boxes of books, building materials, cans of paint-

Continued on Page II

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Joe Rogaly

## Sacred and profane choices

The search for God continues despite the fear of ridicule and controversy

**I**t is an unlikely setting for a Woody Allen film. We sit round an imposing oval-doughnut table listening to Prince Charles promote traditional Islamic culture. The camera slowly pans the rows of name-tags. It hesitates over a rabbi, a Tibetan lama, a Hindu, and a number of nominal Christians and devout Moslems. There are 70 of us.

Right there, Woody could play the little Jewish detective in a country-house drama. It would be his most important case. Who killed God?, we clients might ask. Actually, Mr Allen has already thought of it. He wrote a short story 15 years ago. "Mr Big" is not set in Wiston House, where Prince Charles spoke. That country residence, celebrating its 50th anniversary as a conference centre leased to the British Foreign Office, is in a different universe from the metropolises inhabited by the maker of *Annie Hall* and *Manhattan Murder Mystery*. Yet as we earnest seekers after truth sat round the doughnut we asked our-

selves the very question posed by the predictably voluptuous client of the private eye in "Mr Big". She wanted someone found. Who? "God. The Creator, the Underlying Principle, the First Cause of Things, the All-Encompassing."

Woody's first-person shamus asks a rabbi if he had seen Him, and gets the reply "Me? Are you kidding? I'm lucky I get to see my grandchildren." The Pope, cornered, confirms that He exists, but only the Pontiff himself communicates with Him. Allusions to Socrates, Descartes, Spinoza, Kant, Kierkegaard follow. The denouement is, suitably, a befuddling prose artefact.

I do not mean to sound irreverent. If we God-fearing agnostics have a prejudice, it is against the militant atheists among us. They tread on our secret hopes. The world is more likely to be a creation than the self-creation implied by contemporary scientists. That was the central point of the Wiston House lecture-luncheon. The sporadic headlines it generated were about the

supposedly Christian heir to the throne reaching out to Islam. That is, shall we say, controversial. Heaven forbid that I should enter any such controversy. No, to my ears the central point of the Prince's speech, and the address that followed, was his assertion of a "sense of the sacred".

Science had attempted to take over the natural world from God, fragmenting the cosmos and relegating the sacred to a separate and secondary compartment of our understanding, he said. The need was for a "holistic" approach to life, a bridge between our physical and our spiritual natures. This talk was delivered a few days before the death of Laurence van der Post, whose teachings on such matters were central to an appreciation of his work.

All his obituarists noted his influence on Prince Charles, who has sought to become a defender of "faith" rather than "the faith". The latter appellation restricts the monarch's horizons to the Church of England. Another controversy there. I

would let it pass, but the situation is too dire for that. To my mind, true believers are under siege by the followers of Mammon. Perhaps the faiths need to unite. A conglomerate could more easily proclaim the divinity. Whoops. Anyone who

**To my mind, true believers are under siege by the followers of Mammon**

wants to be taken seriously must stop gingerly around this topic too. As the Prince remarked, the fear of ridicule, for even mentioning the name of God, is a "classic indication of the loss of meaning in so-called western civilisation". This is why I wring my hands nervously as I quote John Polkinghorne, a distinguished academic physicist who turned himself into an Anglican priest.

"We agree with those cosmologists who say... that science is privileged to participate in a reading of the mind of God," said the Rev Polkinghorne. "though we know that there is much more to the mind of God than science will ever be able to discover." His Wiston House remarks could be construed as an answer to those who imply that everything started with the Big Bang and evolved from there. (Anyway, what happened before that celebrated explosion?) "Our powers of comprehension vastly exceed anything required for the evolutionary necessities of everyday survival," observes our erstwhile professor of mathematical physics at Cambridge University.

His line is that science and faith may work in tandem. You do not have to be a follower of Islam to take that healing thought on board. Another speaker gave us a foretaste of a 1997 scheme to present the church, mosque, synagogue et al as standard-bearers of the green movement. Along with the major environment

groups, they will purvey the idea of "Sacred land - the re-hallowing of the environment of Britain". It will be a five-year programme, taking us across the end-of-century divide. I can hardly wait for the details. Let us just say that there will be some good walks along historic pilgrimage routes.

If you are squirming with embarrassment at this point, take it easy. So am I. Those who deny the existence of a world that cannot be discerned by the five senses can disbelieve with confidence. Those who are blessed with genuine faith can proclaim their radiance without fear. The rest of us live in a spiritual muddle.

One consequence is the growth of fringe religions, sects, cults, new age theories - a thousand rivulets running at tangents to the great streams of old. We have choice in everything, even matters of the soul. If we like, we can "celebrate" a secular Christmas. Would you believe Woody in a red coat, white bearded on a sleigh? God protect us from anything like that.

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A CHRISTMAS THRILLER

Collateral Damage

From Page 1

thinner and the like. He simply never woke up.

The papers report similar incidents every day, but that doesn't limit the shock when it happens to someone you know well.

Susan had been totally devoted to her husband, more than Charlie could see herself being to any man under the sun.

Charlie watched in fascination as Natasha greeted Susan with a gigantic hug. Susan reciprocated warmly, while shooting an angry glare at Charlie.

Charlie was sitting in the train stuck in Charlie's mind. She was surprised that Piers had been drinking so heavily, since it was only a few weeks since he had claimed to have given up entirely.

Charlie was sitting in the train stuck in Charlie's mind. She was surprised that Piers had been drinking so heavily, since it was only a few weeks since he had claimed to have given up entirely.

he had said, about the effects on his "pulling power" of a thickening waistband.

Typical Piers, thought Charlie. First, to say one thing and then do the reverse. Second, to imagine that his women had any interest in the size of his waist, as opposed to the size of his wallet.

"Fate plays such horrible tricks, doesn't it. And Piers had been such an abstemious character recently.

"You drove him too hard. You used up everything he had. Can't you see that? Then the tears came

Everyone at the office thought he was on this wagon."

Susan gave an almost imperceptible flinch, as though an unpleasant thought had hit her. Charlie decided to probe further.

"Perhaps he had been feeling the stress more strongly than usual," Susan sighed heavily. "Well, he had certainly been acting rather strangely. I think he was having difficulty in concentrating."

That sounded very unlike Piers. "Really?" said Charlie. "Concentrating on what?"

"On anything. For example, he offered to go shopping the other day, and you know what he came back with?"

"What?"

"Two hundred cans of corned beef. He said we

might need them in case the IRA set off a nuclear bomb."

Charlie gazed at her in astonishment. Susan looked awfully wan, as if she had been crying for days. Charlie tried to give a big Natasha-style hug, but was pushed away with surprising force.

"You people," Susan hissed, suddenly frantic. "You drove him too hard. You used up everything he had. Can't you see that? Can't you see what you did to him?"

Then the tears came, and her shoulders were heaving with huge uncontrollable sobs.

Charlie was uncomfortably aware that she was suddenly the focus of hundreds of accusing stares.

The true extent of the damage at Berwick Brothers became clearer on Monday when Charlie started reviewing the portfolios that Piers had been running.

Until a replacement was recruited, she was the obvious choice to take over, but it wasn't going to be easy.

Piers Montagu's investment style was the complete opposite of hers, and they had clashed several times at strategy meetings. As befitted the manager of the "Global Growth Trust", Piers was aggressively bullish on biotech stocks, Internet plays, emerging markets, and pretty well everything else.

The word "value" didn't exist in his dictionary. Just two weeks ago he had been spouting nonsense about a structural worldwide rise in profitability. Charlie had objected loudly. She considered the word "structural" a substitute for serious thought and told him so.



"Wake up and smell the coffee will you!" he had snapped in response. "This is a secular bull market. In the words of Confucius, the fastest monkey gets the ripe persimmon."

That was typical Piers Montagu - American slang and phoney Chinese idioms, mixed up and blended in a plummy public school accent.

Still, from the computer print-out on the desk in front of her, it looked like Piers had been prepared to "walk the talk", as he would probably have put it.

The Global Growth Trust had more than \$2bn of assets. Unlike Charlie's high-performance funds, it was supposed to be managed in a conservative "belt-and-braces" way, suitable for widows and orphans. That was not the story that the print-out was telling her.

When Charlie got to the last page, she paused, frowning. This section contained the unlisted stocks that Piers had invested in: private placements, venture capital funds, and the like. But the numbers didn't make sense. They seemed to

be at least two decimal points out of place.

She went back to the beginning, keyed in some codes on her Bloomberg terminal, and did a few sums on her calculator. No, everything else seemed to be in order.

With a sinking feeling in her stomach, Charlie rang through to the settlements department and asked for list of every single transaction that Piers Montagu had made over the past six months.

An hour later Charlie was sitting in the office of the Honourable Denis Moore, known throughout the bank as Dirty Den. She had never seen her boss look so shaken, not even when she had told him about the long position she was taking in South African shares in 1993.

"How could such a thing happen?" he mumbled unhappily. "What could he have been thinking of?"

"I've no idea."

"And what were compliance doing?"

"I imagine he sweet-talked them. He was pretty good at that." As Natasha, Marie-Claire, Lianna and many others could easily testify.

Moore shook his head in bewilderment. "Five hundred million pounds," he said slowly, giving each word equal emphasis. "I mean, that's almost a half of our net worth. What are we going to do?"

Charlie wished he would at least stop asking questions. At bonus time he exuded an oily confidence, a card player working with a marked deck. Now he looked old, defeated by a world that no longer submitted to his comprehension.

"Well," she said. "I imagine the first step would be to inform the authorities."

Moore's Adam's apple bobbed. "Oh my god!" he moaned. "Imro, the fraud squad - the press."

Now he had his head in his hands. No doubt he was having visions of packs of journalists snapping outside his Pimlico flat, snapping pictures through the hedges of his Hampshire estate, talking to his first wife, hoovering up gossip from the various people he had discreetly backstabbed over the years.

"It has to be done, doesn't it?" she said.

"No, it bloody well doesn't," said Moore vehemently. "Not yet, anyway. Don't tell anyone about this. Not a soul, do you hear me?"

"I hear you, alright," said Charlie. "But I'm not sure I understand. Failure to disclose something of this scale could get us into even bigger trouble. These days, people are getting barred for less."

Moore got to his feet. "Let me be the judge of that. You've got a great future with this firm, Charlie. Play your cards right, and in five years you could be sitting in my chair."

He put his arm around her shoulder and guided her to the door. A double blue a quarter of a century ago, Moore was still a handsome man, despite the dyed hair and the well-upholstered paunch. Charlie wondered if she could ever have been attracted to a man like that.

No, she couldn't, she decided. Because he was fundamentally stupid. Why pretend to be in charge of events that you couldn't even understand, let alone control? Why would anyone want to sit in that chair, anyway? He thought it was a throne, when it was really just a deckchair on the Titanic.

Charlie didn't leave the office until Wall Street had

closed. When she arrived at her flat in Covent Garden, Amos was already in bed. He was wearing nothing but a sleep-mask, his chest and shoulders glowing orange in the dim light of the table-lamp.

She slid quietly under the covers and snuggled up to his warmth.

As she had suspected, he was only pretending to be asleep. It didn't take him long to sense that something was wrong. Having tried every technique in his considerable repertoire to smooth away her tensions, he finally picked her up in his arms, took her into the lounge, and dumped her on the sofa.

"Tell me about it," he said, wrapping a towel around his waist.

So she did. Over half-a-bottle of Laphroaig, she explained how Piers Montagu had invested nearly half a billion pounds into a handful of small private companies.

"What kind of companies are these?"

"No one knows. They are not listed on any stock exchange."

"So where has the money gone?" he asked.

"No one knows that either."

Amos was quiet for a moment, his sculptor's fingers knotted together under his chin. Those long strong fingers were what had attracted Charlie to him in the first place.

"Half a million pounds," he mused. "That's a huge amount, isn't it?"

"No, Amos," said Charlie gently. "Half a billion pounds. Enough to buy all the Henry Moores in the world."

That was the other thing that had attracted her. He knew nothing at all about money.

Early next morning there was a call from Susan Montagu. "I must apologise about what happened the other day. It was nothing personal."

"But of course it was. Charlie had been taking the flak for Natasha."

Still, Susan was clearly under tremendous stress. To make matters worse, her job as an anaesthetist at one of the teaching hospitals was about to disappear in a government cutback. That was one of the few subjects about which Piers had displayed any social conscience, getting everyone in the office to sign a series of petitions.

According to Natasha - who knew everything - they first met when he had gone in for a hernia operation. The man had definitely been resourceful, if nothing else.

Lunch was in the top-floor suits with Denis Moore. There were two other men waiting at the table. One was the tame Tory MP that

the bank retained for "political research services".

As far as Charlie knew, he had failed to foresee every single change in fiscal and monetary policy of the past five years. Right up until White Wednesday, he had claimed that sterling's membership of the ERM would be "defended on the benches".

More recently he had been lauded in the tabloids for his promise to breakfast on British beef sausages every day for the rest of his life.

The other was a more formidable figure - the last representative of the founding family on the executive board. He sat on the government benches in the House of Lords, and wrote an occasional column in the *The Spectator* magazine on gardening. His first name was Stanley and in the bank he was known as Stan the Man.

Denis Moore got to this point straight away. "This whole thing could have serious ramifications, Charlie. It's coming at a very bad time."

"Extremely unfortunate," agreed Stan the Man without

having chosen a bottle of 1961 Chateau Leoville Barton. "This matter has dimensions beyond the purely domestic. In this day and age, our socialist friends are no longer the most serious threat to our well-being. There are other more formidable adversaries."

He arched an eyebrow, as if his meaning should be perfectly clear to anyone.

"I'm not sure I understand," said Charlie.

"Brussels," hissed the MP, making the word sound like a sexual obscenity.

"The complexities of our unique position in Europe," corrected his lordship. "We are, after all, one of the last fully independent British merchant banks. If we were found to have shot ourselves in the foot, the French and the Germans would be cock-a-hoop. They could use it in all sorts of ways."

"Look at what is already going on," interjected the MP. "Your long-term strategy is clear - marginalise the City, strangle it with Euro-legislation, then gradually build up Frankfurt and Paris as replacements."

The last working member of the founding family took a sip and rolled it around his mouth before continuing. "In my considered opinion, the survival of the bank is a strategic necessity for this country of ours."

"After Denis told me what happened, I took the liberty of speaking to one or two chaps I know. They hold the same opinion. They believe we should have the opportunity of sorting things out without undue interference."

"Strategic necessity? Chaps? Sorting things out? Charlie was puzzled, and it must have shown in her face. "Two weeks," said Moore. "That's the time we've been given to put Humpty-Dumpty back together again."

"And how on earth are we going to do that?"

His lordship leant across the table, a smile creasing his lips. For a man who had just learnt that a significant portion of his worldly wealth had evaporated, he looked in remarkably good spirits.

"That's what we're relying on you to find out, Charlie. Now, do have some of this excellent claret."

He was holding out the bottle expectantly. Charlie cautiously lifted her glass...

... TO BE CONTINUED

On Monday: Things look bleak for Charlie. Don't miss Collateral Damage on Monday, Tuesday, Friday and next Saturday

All characters and companies in this novella are fictitious.

The Competition

The challenge is to come up with a saying that is a modern take on that old format.

Details of how to enter will be published in the FT on Tuesday December 24 and Friday, December 27. By reading each instalment, the observant reader will have a better sense of how it all may end.

The five funniest, original entries will receive an FT hamper hand-picked by its specialists: bottles of red and white wine chosen by Janice Robinson, the FT's wine writer; the fiction and non-fiction books of the year, as judged by Annalena McAfee, literary editor; a classical and a popular CD selected by our music writers; and a couple of good taste goodies chosen by Lucia van der Post, How to Spend It editor.

CHRISTMAS CROSSWORD Set by Cinephile

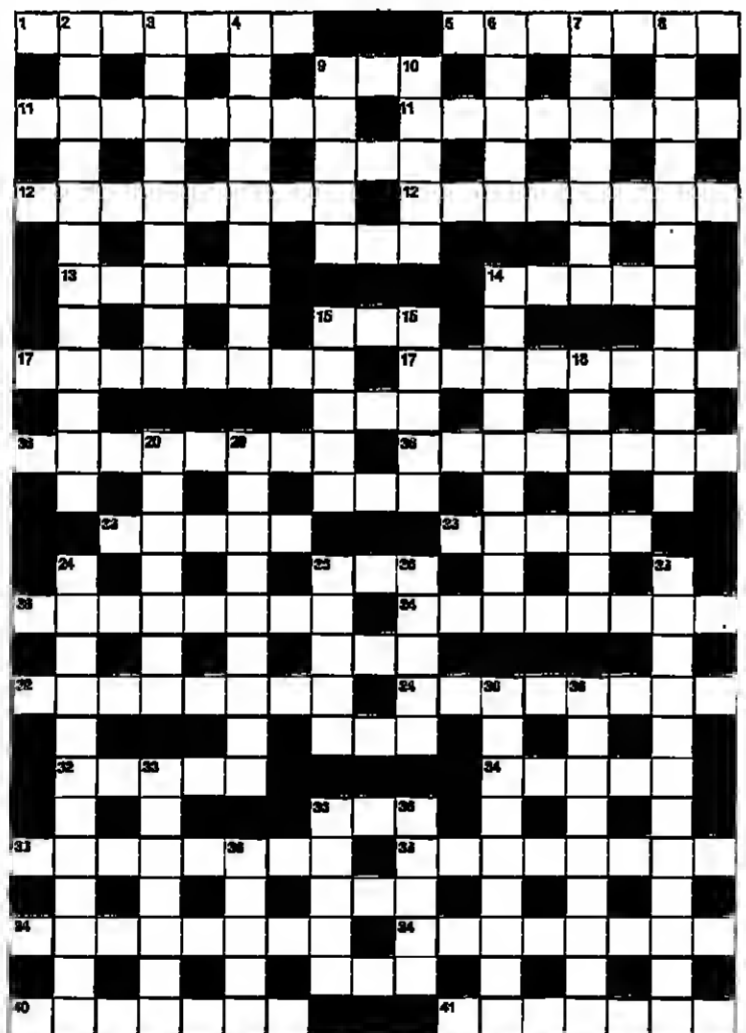
A prize of a classic Pelikan Souverän 800 fountain pen will be awarded for the first correct solution opened from those received by Thursday January 2 1996. Five runner-up prizes of £35 Pelikan vouchers will also be awarded. Solutions should be marked Christmas Crossword on the envelope and sent to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Saturday January 4.

ACROSS

- 1 I have a dominant note, still: it rains here just the same (7)
2 West African is first: am I not going to follow? (7)
11 Grain container that flies windward, having respect to the lady (8, 1-7)
12 Fern structure in centre of fruit found by colleague such as policeman in green for certain (8, 8)
13 At a distance the establishment is a ridiculous thing (5)
14 Beg to say if you're guilty (5)
17 Purgative will require energy subsequently in fixer for planking, even briefly in nature's way (8, 8)
19 Barrow boy, accepting £1 for more expensive piece of cloth, put topless nun in her place (8, 8)
22 First in, first out, the brute! (5)
23 Ploughman's investment? (5)
28 Wide screen presentation of American origin where a film should be secret (8, 2, 6)
29 Rich stuff makes female sick in church (Greek); damnation's part of the Nicene creed (8, 8)
32 Diagram partially imitating Raphael (5)
34 Writers expounding basic British socialism initially (6)
37 Spanish worker's dog in Canada left once at sea by fat round pig (8, 8)
39 Cleaning lady is a parent of inspirational quality, old style; there's a right great gap when I come in (8, 8)
40 Deliverance from river flowing back inside (7)
41 Opposed to publicity for poetry? (7)

DOWN

- 2 Academic chasing a lot of fish: was he co-educated? (12)
3 Due order of precedence in a dive (4, 5)
4 Private detective permitted always to produce a small bodkin (9)
6 Place for the unwanted to quieten the spirit (5)
7 Tyre protector with an opening point (7)
8 Summary hit by sensations (3, 9)
9 Small inlet sounds as if it needs oil (5)
10 Roused in unusual form, united round a king (5)
14 Go into broken pitcher, probably Romanesque (3, 6)
15 Cross the line when some danger is over (5)
16 Immoledated? Baffled? Get this in! (5)
18 No way drink can be a remedy (7)
20 The means of checking what is in it (7)
21 At home Persian ruler devours the lot, God willing (9)
24 Printer set fire to pig and hit sow? (12)
25 Sancy escapade (5)
26 Drunk? Only just? (5)
27 Panels show lady's wear this month is being corroded (6, 6)
30 Cheap remark of cow before her leader snoozed around (3, 6)
31 Apply lotion to be mixed with cream (9)
33 Hair-drier's losing time in Scotland (7)
35 Boring specialist in otology? (5)
36 Break a leg at morning light (5)
38 Princess's business needs records (5)

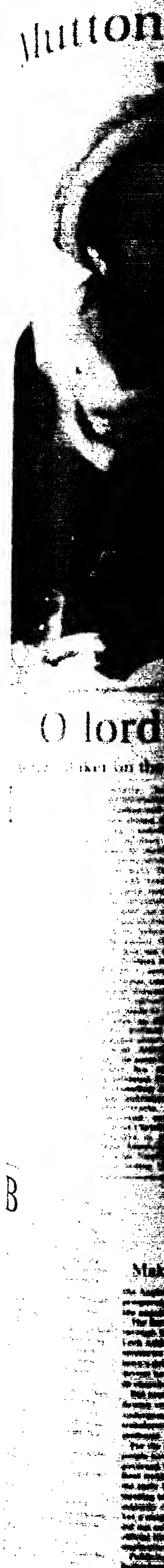


The puzzle is meant to be an open book; the unclued spaces in the "hiding" contain three-letter animals whose skins might possibly be used for the purpose. Some across solutions are in pairs, having the same numbers; these are anagrams of each other; in their clues, which are run together, matter referring to the left-hand "page" always precedes that referring to the right.

Name: Address:

Solution 9,256 and Solution 9,245 with crossword grids filled in.

WINNERS 9,245: A. Calleja, High Wycombe, Bucks; J.R. Adamson, Rayleigh, Essex; Mrs E. Figg, Chancellors Ford, Hants; Mrs M. Imber, London EC1; J.F. Shircliff, Colchester, Essex; T.J. Spencer, London N22.



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PERSPECTIVES

Lunch with the FT

# Mutton stew with the 'Lion of the Panjshir'



An unmistakable whiff of power: Afghan resistance leader Ahmed Shah Massoud. Hugo Phibbs

As those Russian soldiers who fought him in Afghanistan during the 1980s will tell you, Commander Ahmed Shah Massoud is an extremely difficult man to hunt down - let alone have lunch with.

These are testing times for Afghanistan's most celebrated guerrilla commander and ousted defence minister, now leading the fight against the Taliban Islamic militia which took Kabul in September and now controls two-thirds of the country. With the first heavy snowfalls of winter upon him, Massoud is under pressure to retake the capital or reach a settlement.

After four days, a high-speed car chase and fruitless attempts to corner him in blizzards and sub-zero temperatures, Massoud finally consents to a press conference at his military headquarters in Jebel Seraj, a windswept town high in the Hindu Kush mountains 40 miles north of Kabul. Lunch *deux* seems an unlikely prospect.

Jebel Seraj is heavy with Massoud's forces, a grisly Aladdin's cave littered with the paraphernalia of war. Tanks rumble through the muddy streets, pest armoured personnel carriers, rocket launchers, artillery guns and shivering soldiers armed with Kalashnikovs. Amid this noisy military orchestra, four-wheel drive Toyotas with tinted windows ferry his conductor, Massoud, to and fro at breakneck speed.

"The Lion of the Panjshir" is the sobriquet that he earned after his exploits against the Russian invaders in the Panjshir valley. Fearing that lunch with the FT may not be top of agenda on retiring for the day, I ask him if he is feeling hungry. The interpreter looks long

and hard at me, a stony expression indicating this is not the sort of question one asks the great man.

After some cajoling, he sheepishly translates my crude hint and, after conferring with his leader, an aide announces in polished French that if I would like to have lunch with the commander, I would be most welcome.

Massoud motions me courteously into a private dining room - hardly lit and empty save for a small table, a set of chairs and a sink. This is one of the few Kalashnikov-free zones in town. Other than an uninspiring still life, the white walls are bare. There is no carpet on the concrete floor.

The Chitrali cap, spotted at a rather rakish angle, sits atop a handsome face lined with two decades of warfare. At 42, Massoud is already beyond the average life expectancy of Afghan men and admits his best years on the battlefield are behind him. The eyes are deep, dark and in earnest as he looks back with pride to his leading role in harrying the Soviets out of Afghanistan in 1989, 10 years after their invasion.

A matching woollen waistcoat worn over an army sweater, khaki fatigues and black boots - he is rumoured to have a penchant for the custom-made Russian paratrooper variety - completes the ensemble of the mountain warrior. There is an unmistakable whiff of power and authority about him, but for a man who has done little else but wage war since 1973 he is remarkably gentle and softly spoken. A quiet dignity underpins his massive presence.

"I am sorry lunch is going to be very basic," he says in mellifluous Dari (Afghan Farsi), waving a large hand over the table on which two bowls of mutton, potato,

and tomato stew, served with heaps of nan bread. "If I had known you were coming a little earlier, I would have had something special prepared."

The counter-revolutionary career took off at the age of 19, he tells me, in the wake of the coup which overthrew King Mohammed Zahir Shah, installed a pro-communist regime, and declared Afghanistan a republic. He abandoned an engineering degree at Kabul University, then home to the conflicting movements of Islamic nationalism and communism.

Formal education ended

and not milk shakes. It is something he does with ease and charm and an animation which stems from an intense religious faith and a profound love of Afghanistan, notwithstanding the fact that he has done much to destroy the country himself. The Russians left Kabul virtually unscathed. Today, after more than four years of factional fighting between Massoud and rival Mujahideen, much of the capital lies in rubble.

I suggest Afghanistan is doomed always to fall victim to its deep ethnic fault-lines. The current war pits the Tajik Massoud - in a coalition with Uzbek warlord General Dostam - against the Pashtun Taliban. He shakes his head and moves both elbows on to the table, citing a host of examples to prove that these divisions are not fixed: Uzbeks fight Tajiks, Pashtuns embrace Tajiks and so on.

"This is only one part of the problem," he observes. Afghanistan's war, he says, has always been the creation of foreign powers, with Pakistan the master villain.

"It has been very difficult to get rid of the Russians and then deal with Pakistan," he says, stroking his beard sadly. "Pakistan created the Taliban."

Returning to his own background, his mood lightens and the face crases into a smile while he informs me that at 25 he could look back on two coups *d'état* and a failed provincial rebellion.

"I had a Sten gun and 20 men with me in the Panjshir. We robbed a bank and told everyone there had been a coup in Kabul. But there was nothing in the newspapers or radio to confirm it and people soon discovered nothing had happened." He was now a wanted man but the episode is recounted as though it were merely a boyish prank,

the sort of thing Just William might have got up to on a lazy half holiday.

My mutton is getting cold. I tuck it dutifully, expecting the worst, but am pleasantly surprised by a tender and spicy concoction. The robust potatoes are a tasty relief after the monotony of bread and kebabs and we both tuck into second helpings. After earlier experience, I avoid the glass of water which sits temptingly at my elbow. The unfortunate interpreter, who looks ravenous, is unable to grab even a mouthful, forever struggling to keep up with Massoud, who is buglely engaging but rarely concise.

Mutton removed, we turn our attention to a plate of grapes which have seen better days. Discussing his immediate military plans, he stops chewing and vigorously disputes the idea that he and his forces are on the back foot against the advancing Taliban. He borrows my pen, makes a hasty sketch of Afghanistan and the positions of the opposing sides, and details an extension of the front line into the Taliban's weakest spots. I feel it is best not to argue.

A pot of tea arrives with a bowl of toffees, walnuts and almonds. As lunch draws to a close, I ask him whether there are any plans to retire from the battlefield and perhaps write a book. He laughs at first but then the gravitas of the man of war returns. "I have never fought for happiness, nor have I fought for power. I don't want to continue fighting one more day but while I am alive I will do everything to defend my country."

He makes another graceful apology for our simple repast, slips quietly out of the room, and disappears, swallowed up by the entourage of waiting generals.

Justin Marozzi

## O lord, it's another atheist

Gerard Baker on the problems faced by non-believers, particularly in the US

It will be a traditional Christmas for Frank Zindler and his wife again this year. Last week he taped a few messages for the special edition of his "Dial-An-Atheist Telephone Hotline" on the fallacies of Biblical fundamentalism.

Shortly before the 25th he will decorate his tree with purely secular ornaments (no angels or Father Christmases). And on Christmas Day itself he will raise a glass or two in celebration of the winter solstice.

Zindler is a creature so rare these days he is in danger of becoming an oxymoron - the American Atheist. While religion, organised or otherwise, seems to have been on the wane in much of the west this century, in God's Own Country, it retains its hold over the vast majority of the people.

About two-thirds of western Europeans believe in God, polls suggest, a figure that has been falling for many years. In America more than 90 per cent of the population are still faithful. For those on the obverse of that statistic, life can not only be lonely it can, occa-

sionally, be downright uncomfortable.

Zindler and his wife have been abused, their house has been vandalized (without obvious irony, "Jesus Saves" was the message someone chose to scrawl across their front wall). They have even received death threats. In the early years of the Reagan Revolution, he was hounded out of his job as a college professor for teaching an atheist philosophy (Darwinian theory) - and this was not the bible belt. The Zindlers live in the comfortably secular city of Columbus, Ohio, in the heart of the Midwest.

"Throughout my life, I've been made to feel as though I were an alien," he says, "the godless beast from another planet."

Most American atheists say the same thing, although today few are physically intimidated. Frank Zindler is a crusading atheist, a prolific publisher of anti-religious tracts, veteran of a thousand demonstrations against Christian and Jewish displays in public places. Most Americans regard him as a bit "uppity", he says. According to Ellen John-

son, president of American Atheists Inc, the leading anti-religious group in the country, though prejudice is still rife, most non-believers are reluctantly tolerated by others.

"It's rather like being homosexual. As long as we remain locked in the closet, people seem prepared to accept us."

"They just don't want us

### In South Carolina and Pennsylvania atheists may not hold public office

to be too public about it."

That is something Johnson's organisation has been struggling for years to overcome, with few obvious signs of success. There are as yet no plans for an Atheist Pride day, but AA Inc does produce a weekly television show (cable-cast in 50 cities) and a range of Atheist literature and merchandise (bumper stickers, "Proud to

be An Atheist", \$1.50).

And life is certainly better for the godless today than it once was. The cold war period was probably the worst time to be an atheist in America. Non-believers were simply assumed to be communists and were treated accordingly. There was even an attempt (ultimately unsuccessful) by one especially zealous congressman to exclude atheists specifically from the provisions of the Civil Rights Bill, on the grounds that they were un-American.

But while, in law at least, sexual and racial discrimination is now no longer tolerated, in some states religious discrimination in political life is still the norm.

In Pennsylvania and South Carolina, atheists may not hold public office. Several other states still have similar laws on their statute books. In a famous case a few years ago, the Supreme Court upheld a rule by Boy Scouts Associations, that no atheist children could join the movement.

In Bill Clinton's Arkansas, a state not especially renowned for the moral high

standards of its senior office holders, they have gone one stage further. No-one who denies the existence of a supreme being may testify in any court in the state.

Though the first amendment of the constitution (a document that atheists point out does not include the word God anywhere) upholds complete freedom of religion, attempts to overturn these bans have been only partially successful.

The main reason the prejudice is allowed to continue, say atheists, is fear on the part of office holders. It would be political suicide for any candidate for office to back the atheist cause.

"There is virtually no politician in American history who has been prepared to support us publicly," says Ron Barrier, who produces the weekly television programme for the atheist network. (The technicians who work on the programme often use pseudonyms - they do not want their friends to know they do it, he adds).

According to AA Inc, there has never been a single self-confessed atheist in the US Congress. In fact, there



The Nativity: In America more than 90 per cent of the population are still faithful. Ramsey's Picture Library

are even indications that atheism as a creed may be waning. AA Inc has haemorrhaged members in the last few years. In its heyday, during the civil rights battles in the 1960s and 1970s, it numbered as many as 30,000 souls (or bodies). Now, admits Johnson, it is down to just a few thousand. In some states it has a mere handful of members. Other atheist groups have also reported a decline in interest.

Meanwhile, religious affiliation grows. What is it about America that makes it such barren territory for godless rationalism? Surprisingly for such a bunch of rationalists, no-one in AA Inc seems to have a clear answer.

Some believe it is a product of America's free market economic system. Competition among religious groups has resulted in an intensification of efforts by each faith to strengthen its market position, resulting in a more comprehensive market reach by all.

Others say it is something to do with the cultural and

social rootlessness of Americans, nearly all of some point refugees from hostile governments.

Perhaps the simplest explanation is that America has, for all its obvious flaws, probably proved better at providing its people with more freedom, more personal well-being, more opportunity and more hope than any other country on earth.

Most Americans truly believe their prayers are being answered. Perhaps they are right.

Dispatches

## Oh troubled towns of Bethlehem

Making reality out of symbolism has become a South African challenge, says Roger Matthews

Being a child of Bethlehem has not always been easy, as its most famous son discovered. Whether the little town was in Palestine, or in the Orange Free State in South Africa, whether the occupying force was Roman or British, the consequences have sometimes been severe.

Take this description. "Round the village, so far as we could see, not a farmhouse was standing, and on the way thither we passed the site of what were prosperous stores. But only a heap of stones marked where they had been. All had been burned."

About one fifth of the village itself had been destroyed, the houses on the outlying streets having been pulled to pieces to provide fuel for the troops. But when remarking on the deplorable destruction, we were told that Bethlehem had suffered least of the villages in that part of the colony.

"A stray white man wandering among the ruins added to the sense of desolation. That sunny Sunday will haunt me to my dying day."

The writer was Ramsay MacDonald, later to become the Labour party's first prime minister of Britain. The Bethlehem he described during

the Anglo-Boer war has since prospered, at least for part of the population.

The River Jordan still runs through it, Loch Lomond and Loch Ailshone provide kinder memories of Britain and the town's drinking water, while the devout have a choice of nearly 60 churches.

But nearly a century after the British visitation, Bethlehem is undergoing another political transformation scarcely less profound.

For the past 13 months, black people have theoretically governed Bethlehem. Since the Boer trekkers first decided in the early 1840s to create a farming settlement there, the majority rules, or is learning to. Yet a couple of decades ago they did not exist in the town's official literature, except by implication.

Publicity material extolling Bethlehem's virtues mentioned a total population of 24,900 of which 8,500 were white.

Fourteen photographs revealed not a single black.

In those days there was, by law, no room in the Inn for Indians travelling through the Orange Free State. They had to clear the provincial borders by dusk. But changing laws nazy

### Black people theoretically govern Bethlehem, South Africa

have been the easiest part of South Africa's political transformation. "When you see a heavily pregnant woman crawling 300m through waist-high snow from her shack to the toilet, it illustrates what an enormous task this community faces," says Clem Harrington, a

lawyer and Bethlehem's deputy mayor. The town's population has swollen to nearly 100,000 of whom 70 per cent are black.

In the adjoining townships and squatter camps he estimates annual population growth to be 8-10 per cent.

Bethlehem in Palestine may think it has budget problems, but Mayor Elias Freij has still been allocated \$40,000 by Yasser Arafat this Christmas to decorate Manger Square and make the town look festive for the tourists.

"We shall not be spending anything on decorations," says Theo Scholtz, six times mayor of South Africa's Bethlehem and now chairman of the town's executive council.

"Although I may just find a few rands if new bulbs are needed for the Christmas tree at the town hall."

"How can you create a festive spirit among so many poor and jobless? he asks. "It's not Christmas for them. We must be

aware of their conditions. We need to address their problems, and understand that they want delivery now."

Part of that problem is the town's new but elusive mayor, K E Khabane. He enjoyed enormous success as the

### 'How can you create a festive spirit among so many poor and jobless?'

representative of the African National Congress organising payments boycotts as part of the struggle against apartheid. His work then is proving stubbornly durable, with only one in five of black households paying for municipal services.

"The white population should,

and is prepared to pay more, in recognition of the privileges they have enjoyed in the past and the good infrastructure that Bethlehem has," says Scholtz.

"But if just 5 per cent of the whites stopped paying, the consequences for the town would be devastating."

The possibility exists. Mutterings among whites about having to bear most of the town's financial burden is growing, as it is elsewhere in South Africa.

The more militant have suggested a virtual boycott, by paying their dues into a special account.

"Mr Khabane is a decent man, but he can be difficult to find," says a council member. "It is particularly hard for him to persuade people to reverse everything he has preached for so long, and his work is made more difficult by the extreme right wingers on the council."

Changing black attitudes is



FASHION

# Precious yarn spreads its appeal

Marion Hume looks at the designers who are giving cashmere a fashionable facelift

Cashmere, that most luxurious of winter fibres, has secured its place in the fashion sphere. Of course, the most traditional sweaters in this warm and expensive fibre always appeal. But what is exciting is the way that designers have pushed cashmere on, into both the slinkiest and most voluminous of shapes. Now, you can have it both ways; cashmere can be the height of fashion and in seasonal colours, or reliable in the form of the trusty twinset.

Michael Kors, Betty Jackson, Gucci, Giorgio Armani and Jil Sander are among today's purveyors of cashmere. The Jean Muir winter collection always includes a special cashmere piece, often featuring an abstract intarsia. In contrast, the American, Michael Kors' edict is plain, plain, plain. But his shapes are modern, being either super-sleender or sloppy Joe outside. Betty Jackson has made the luxury classic jaunty by using it for atripy short-sleeved T-shirts. Jil Sander, the German designer, has double-faced cashmere coats which could roll up in a ball and then spring back to shape - except that one would not tend to do such a thing to a £3,000 coat in the first place.

What attracts the designers who are giving cashmere a fashionable facelift is its pedigree. The wool starts life on the necks and underbellies of mountain goats in the Himalayas, Mongolia and the Xinjiang region of China. Over the winter, this downy under-fleece keeps the animals warm. In the spring, when it is not combed out as a precious harvest, the goats would shed this fleece naturally on to rocks and bushes from whence, in the past, it would be collected, then cleaned and spun. With the demand for this limited resource today, things are a little less haphazard.

In the 18th century, Kashmiri craftsmen wove soft shawls of the fleece to wear against the skin through harsh winters. By the 18th century, the British East India Company was buying these shawls and shipping them to Bilgity, where they became greatly admired and prized. In Jane Austen's day, a cashmere shawl would cost between £200 and £300. By the 19th century, bold shawls of cashmere were something of a fashion must-have among the smart set in London and Paris. By the end of that century the Scottish industry



Oxblood coat, £1,586, TSE; black sleeveless top, £145 from Murray Allen at Scotch House; black wide-leg trousers, £450, Michael Kors at Harvey Nichols; suede boots, £97, Hobbs Tel: 0171 499 2026

Pringle at S. Fisher, 32-33 Burlington Arcade London W1. Tel: 0171-493-4180. General Inquiries 01450-360259.  
 Shirin Cashmere, 11, Beak Street Place, London SW3. Tel: 0171-381 1936. Murray Allen at Scotch House, 2 Brompton Road, London SW1. Tel: 0171-581 2151  
 TSE, Selfridges, Oxford Street, London W1. Harrods and Harvey Nichols, Knightsbridge, London SW1. General Inquiries 0171-263 4433.  
 Photographer: Wendy Carty  
 Make-up: Helen Walsh  
 Hair: Jean-Marie at Vidal Sassoon  
 Styling: Karen McCaskey assisted by Alison Walsh

was unrivalled in the world. And in spite of the efforts of the Chinese, it still is. Today's designers are not the first to head to the borders in search of this rare and precious fibre, buffed up to perfection in the soft Scottish waters. In the 1920s, Coco Chanel and Jean Paton discovered Scottish cashmere, then used for underwear, which they transformed into clothing. Today, cashmere underwear is an indulgent buy, although there is no shortage of takers for floor-length dressing gowns in rich, dark colours

labelled Pringle or Ballantyne. The cashmere twinset, invented in 1937 by Otto Weisz, then head designer at Pringle, soon became the cashmere standard. The most traditional versions still appeal when teamed with a knee-length skirt for opulent yet minimalist day wear. But also appealing are today's re-worked twinsets, with finer finishes and necklines that are scooped and more feminine. Pringle has a longer, skinnier-rib twinset in this season's favourite colour, a milky pale camel:



Oatmeal hooded cardigan, £750, Shirin Cashmere; oatmeal sleeveless tunic dress, £610, Shirin Cashmere. Chocolate brown ribbed tights, £5.99, Jonathan Aston at major department stores. General inquiries: 0116 286 2383



Line/grey double-sided cashmere scarf, £190; grey/cream/line cashmere turtle-neck sweater, £299; tights, £5.95, Rebecca Moses at Browns, 23-27 South Molton Street, London W1. Tel: 0171 491 7833. Both Betty Jackson, Tel: 0171 593 7889



Taupe/grey striped cashmere sweater, £730, Lucien Pellat-Finet at Browns; beige angora/cashmere mix trousers £270, Marni at Browns (as before)

which barely resembles something mother would wear with pearls. "Cashmere is certainly becoming more cutting edge, of course we do great business with the classics in a multitude of colours, but we are getting strong results from innovative, fashionable pieces," says Linda MacLean of The Scotch House. Lionel Fisher, of S Fisher, the famous cashmere shop in London's Burlington Arcade agrees. "We are selling skinnier-ribs and big chunky four-ply sweaters in the most fashionable colours.

The raw fleece comes in three tones, from white to a dark donkey brown. The rarest is white, which is dyed into the palest shades. The big news is the mixing of cashmere fibre with other yarns. Cashmere with silk gives a light and delicious feel, and a soft lustre. Cashmere injected with a small percentage of Lycra maintains a slim silhouette in the most body-conscious pieces. Murray Allan, purveyor of cashmere under its own label and supplier to the couturiers of Paris, has a 90 per cent cashmere mix which includes Lycra and nylon, in

a yarn spun in Italy by L'oro Fiama, probably the top cashmere spinner in the world. This works well in simple pieces such as sleeveless singlets, designed to be worn under a tailored suit or, in more relaxed mode, under a huge, sweeping cashmere coat (such as the one shown here, in oxblood by TSE). TSE, which is made of Chinese-spun cashmere, is building its name among the fashion set. TSE's cashmere wrap-skirt works well over slim legs clad in this season's patterned tights. But the single item which everyone "in the know" desires most is a sweater by Lucien Pellat-Finet.

Pellat-Finet now works with Scottish mills for a range in two-ply cashmere that he calls his "ready-to-wear" line. But it is the Frenchman's four-ply line, made in French homes in the Savigne region, that people find irresistible. Simple T-shirt shapes, a range of colours from bold stripes to baby soft tones, sweeping cardigans and probably the most pricey twinsets available make up the Lucien Pellat-Finet range, to which he adds satin palazzo pants. His luxurious sweaters

take one day each to make and start at about £700 each. "They appeal to a wealthy woman who likes quiet luxury and who does not want her clothes to shout out about money. And they work for her. I call it practical luxury," says Pellat-Finet. People can get addicted to cashmere. This season, Liberty, in Regent Street, stocked 10 cashmere dresses, by Sbrin Guild, at £1,200 each. "To be honest, I was nervous about how they would sell," says Angela Qualitrell, women's wear buying director for the London store. "We sold them all within three days and of the repeat order of 10 we have two left." Not that fashionable cashmere will do away with the most humble items of clothing rendered luxurious by this precious yarn. I have a pair of cashmere socks, which I have worn on walks up hill and down dale for the last six years. I have certainly never indulged them with gentle handwashing. To be honest, they are getting tatty now. But they will certainly last the winter.

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HOW TO SPEND IT

# Bright, beaded and sparkling little bags

Secondhand or tailor-made, the evening bag is an invaluable accessory, says Marina Newland

**L**ittle black dresses may be the safe and standard kit for the winter party season, but they make it hard to stand out from the crowd. But add to the black dress an original evening bag, something feathered or velvet, embroidered or sparkling with diamonds or beads and it can add panache and verve to what might otherwise be rather anonymous fare.

Most high street stores stock tasteful black evening bags which will not clash with anything you might wear but they are in themselves a little dull. Instead you could arm yourself with a quality item that will not only last a lifetime but will give as much real pleasure as the right necklace or ring.

Antique items are all the rage now prompted by the release of *Evita* and the revival of retro chic. Anybody scouring the better secondhand shops will find they represent wonderful value for money when compared with modern versions. Steinberg & Tolkain on London's Kings Road, for instance, has an extensive selection of vintage evening bags with prices as low as £28 for a beautifully shaped shell bag with white beading. Otherwise Merola in Walton Street, which tends to stock higher priced mod-



(centre) White beaded shell bag, £28, from Steinberg & Tolkain, 183 Kings Road, London SW3 (tel 0171-378 3660). (right) Chocolate brown feather bag, £110, by Jamin Puech from Harvey Nichols, Knightsbridge, London SW1 (tel 0171-235 5000). Red velvet bag with gold tassels, £120, by Jehanne de Biolley, 29 Conduit Street, London W1 (tel 0171 495 4257). Illustrations: Ashley Lloyd

els with great detail, or Virginia at 99 Portland Road, London W11 (tel 0171-727 9608), are excellent sources. For those who want originality and hope to find it in the work of a modern designer, try looking at bags produced by Emily Jo Gibbs. Her intricate designs incorporate both finely worked wire detailing and luxurious

fabrics. Her current collection includes sterling silver, satin and velvet. Erickson Beamon, at 38 Elizabeth Street, London SW1 (tel 0171-259 0202) offers tailor-made beaded creations to match any dress.

Lulu Guinness designs for many markets. Her range of luxurious bags in velvet and lace are available at her

recently opened shop in Ledbury Road, and start at £150. But at Debenhams, for whom she designs a special range, a beaded design can be snapped up for just £25.

Finally, the queen of the statement evening bag has to be Judith Leiber. Her designer models, well-known on the New York charity set circuit, are now available in

the UK and prices start at £600. Crafted in colourful combinations of diamanté and beads, they are, to the unaccustomed eye, a little on the extravagant side - once seen, however, they will not be forgotten.

And if you lose your purse it will not be the credit cards you will be worried about.

(right) Silver present box bag in velvet, £165, by Lulu Guinness, 86 Ledbury Road, London W11 (tel 0171-221 9889), and Liberty's, Regent Street, London W1 (tel 0171-734 1234). (centre) Black lizard evening bag, £500, by Dorra Karan from Browns, 23-27 South Molton Street, London W1 (tel 0171-491 7833). Black and white rhinestone bag, £1675, by Judith Leiber from Harrods, Knightsbridge, London SW1 (tel 0171-730 1234)



(left) 1820s black velvet and cut steel beaded bag, £499, from Merola, 178 Walton Street, London SW3 (tel 0171-589 0383). Gold velvet ribbon bag with sterling silver handle, £240, from Emily Jo Gibbs (tel 0171-490 3534)

## Head west for stress-free shopping

**L**eft gift buying until the very last minute? Why not try London's up-and-coming - but stress-free - shopping spot. Tucked away behind the town houses of Holland Park, Clarendon Cross is a quiet little enclave of West London which boasts unusual, carefully selected merchandise that you are unlikely to find in the high street.

It is a civilised stroll from bustle-free Holland Park tube station; if you are driving it is relatively easy to find parking. The area at the junction of Portland Road and Clarendon Cross is dotted with fashionable shops but retains a village-like atmosphere.

Cath Kidston's household shop, 8 Clarendon Cross, has been an insider secret for some time, selling everything from swimsuits to cushions, coathangers to box files - and in her distinctive Fifties-inspired, floral prints. Duvet cover and pillowcase sets (from £35) in petal pink, pastel blue or lemon floral make nice presents as do the cosy floral eiderdowns (£40). Kidston's rose-ingham or spot print swimsuits are a cult item and matching drawstring wash

bags (£12.50) are ideal for carrying them around.

If small children feature on your list, Bananas next door offers a good range of babywear and cute accessories, colourful wooden toys and teddy bears with interesting facial expressions - none above £25. The best seller is a miniature towelling bear that rattles (£8.95). Wooden block jigsaws of Father Christmas (£8.50) make good stocking fillers.

For foodies, Summerill & Bishop, 100 Portland Road, stocks an excellent selection of unusual and expensive kitchen gadgets from Italy and France. Maple wood chopping boards which double as cheese or charcuterie boards and knife sets would make welcome presents. Covetable items include food or kitchen-inspired pictures on old wooden panels by Pepe Grau-Vercher (from £300).

Fellow shopkeepers all say it is the arrival of The Cross, 341 Portland Road - a shop combining a quirky mix of modern clothes, toiletries and accessories - that has really raised the profile of W11. There is something for everybody in this shop with boxes of handmade soaps, selections of bath oils by

Mio, beaded jewellery and evening bags and men's cashmere socks all ideal as gifts. If you are looking for a soothing gift for the man who has everything the huge three-wick candles (£52) are apparently a big hit with men who visit the shop.

Worth a visit - even just to browse - is Virginia at 88 Portland Road, an antique shop which has long been considered the jewel in the crown of London's vintage clothing shops by top designers and models (Dorra Karan is rumoured to buy the vintage chiffon print dresses for inspiration).

Beaded evening bags and fringed shawls in dove silk chiffon make good presents for fashionable types - although there is nothing vintage about the prices.

For lunch, Julie's restaurant nearby is the obvious choice. Cullen's coffee shop on Holland Park Avenue is hugely popular for breakfast on a Saturday morning. Clarendon Cross is certainly more civilised than Regent or Sloane Street for Christmas shopping - even if some prices are slightly higher and the selection of shops infinitely smaller.

Karen Wheeler

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HOW TO SPEND IT

The Seven Ages of Man

A lot of comfort and a little luxury

Lucia van der Post on gifts for the man who has most things

Comfort is what is needed now. Things to make the last years of life easier, more luxurious and to lessen the burden of dealing with the intractable difficulties of the physical world. Technology has made Shakespeare's dire forecast redundant. Instead of sans eyes, fading eyesight has been matched by larger, clearer television screens and more sophisticated sound systems. And there is the remote control. Putting together a home audio-visual network is much like gathering friends for a dinner party and making sure that the right people sit next to each other - like your guests, the technology needs to be compatible. Given the reluctance of the man who is getting on to grapple with new-fangled gadgets, the best gift of all

would be to organise everything from start to finish. Choose a new wide screen, get it delivered and have the system installed. This option is not cheap, with Sony prices starting at £400 and rising to £5,000 and beyond, but the seventh ager will appreciate the quality. For Sony television stockists, ring 0690-111999 or try Bang & Olufsen, 56 South Molton Street, London, W1 (tel: 0171-355 1235), which has similar technology, but nicer packaging. If he loves sport, give him Sky Sport, which will deliver

football, boxing, yachting and tennis to the point of saturation. There is one main sports channel, with two more at weekends, and the bonus of Eurosport with most packages - handy if he is into tractor racing or second-tier snooker. After a few hours of watching downhill slalom, it is time for the apres-ski. The winter chills and misery kit - a half bottle of whisky, fresh lemons, cloves, cinnamon, honey and recipes for the perfect hot toddy - from The Gluttonous Gardener, costs £25 (tel: 0171-371 0775).

**Shakespeare's seventh age**  
Last scene of all  
That ends this strange, eventful history,  
Is locked shut in the eye of heaven,  
Suns, moons, and eyes, and eardrums,  
Saree, teeth, and eyes, and eardrums,

If he has got the alcohol, then the crystal must follow. Dartington specialises in heavy-bottomed glasses, difficult to knock over but not necessarily to knock back. Starting at £9.50 from Harrods, Knightsbridge, London SW1 (tel: 0171-730 1234). As the man of seventh age status could well have

evolved into a couch potato - for which you are partly to blame having bought the satellite subscription - making him feel comfortable in his normal position (eyes front, hand on remote control, body settled into favourite chair) is a priority. A blanket will keep him company, particularly if he

really does want to watch tractor racing. A 100 per cent cashmere blanket, available in classic navy, dark green and wine, costs £80 at The Scotch House, 2 Brompton Road, SW1, London (tel: 0171-581 2151). A travel rug, also 100 per cent cashmere, in a range of tartans, is priced at £50. There is life beyond the living room, so make him a member of The Chocolate Society (tel: 01423-322230) - for £45 which entitles him to buy from the mail order list of delectable choccy products (nothing but the finest

here made from high percentages of cocoa solids - no cheap concoctions of sugar, saturated vegetable fat and powdered milk) at discounted prices. Alternatively, buy him a great big basketful of chocolate goodies from the new shop at 36 Elizabeth Street, London SW1W 9NZ (tel: 0171-259 9222). Or Divertimenti (tel: 0171-386 9811) to order a "chocoholic gift box" for £34.95 - chocolate truffle sauce, a pack of cocoa-covered roasted almonds and a 100g block of chocolate noir (contains 60 per cent cocoa

solids) as well as four little ramekin dishes for making that chocolate mousse. A mobile phone makes a lot of sense. There are phone and call packages available from various manufacturers, but try The Carphone Warehouse for a reasonable deal (tel: 0900-925 925). It would be a good idea to sort out the details of the contract before delivery and to use a system which has the advantage of pre-programmed numbers. If he has ignored Shakespeare's verse and still has excess energy, you could present him with a new challenge by delivering a very large and complicated jigsaw puzzle. A 3,000-piece scene of St Michael's Mount is available from Harrods at £44.95. It is said to be the world's largest commercial jigsaw puzzle, which is something to cite if he is still impressed by superlatives.

Fun and games at Christmas

Will this year's batch join our old favourites?

Come Christmas every family, every home party, needs a game, or two to old favourites, Monopoly, Scrabble, Happy Families, cards and dominoes go on forever but every Christmas there are new ones on the market, each hoping to become a new classic and make their inventors' fortunes. We asked a few FT writers to test some of this year's batch.

**Hello!**  
£19.99, The General Trading Company, 144 Sloane Street, London SW1 (0171-730 0411). Hello! - the game - bears little resemblance to the glossy, photo-filled celebrity magazine whose name is intended to sell it. On opening the box we found a cheap little board game, the bastard offspring of Ludo and Trivial Pursuit. We decided not to fuss

with the die and plastic counters and discs, concentrating instead on trying the multiple-choice questions. The questions, we are told, are based on 1995. The game is therefore nearly a Fergie-free zone. Celebrity names, however, are racked by irritable vowels and inconstant consonants. A host of famous figures discover distorted doppelgänger: Emperor Aki Hito, Jane Austin, Kenneth Branagh, Jim Carey, Lewis Carol, Glen Close, George Eliot, the Brothers Grim, Lloyd Grossman, Dennis Healey, Hugh Hefner, Ernest Hemingway, Patsy Kline, Anne Margaret, Leonard Nimmo, Scarlett O'Hara and Mary Shelly and Virginia Wolf. Hello! told the FT it had licensed the game but had no role in its design or structure. It believed the game, launched 13 months ago, was now out of stock. That would be a blessing. Clay Harris

**Edward de Bono's Mind Pack**  
£14.99, from Just Games, 71 Brewer Street, London W1 (0171-437 0761). It got me to thinking, so Edward de Bono's Mind Pack achieved its purpose. Several attempts to grapple with this self-improvement package led me to ponder: what makes a successful game? What skills do we learn by playing games? And, especially, who in the world is going to waste much time on this product without being forced to? The most likely targets are square-eyed North American children, whose parents are desperate to find anything mind-improving to divert them from television or computer screen, and conscripts to management training courses. The Mind Pack contains a 72-page book of exhortation and exercises intended to "discover the secrets of creative thinking" as well as

two decks of cards and some rudimentary board games. We tried a few "Thinkand" games - looking for connections between pictured items or creating a story based on a random selection of them - and quickly lost interest. One of its drawbacks is an overweening and over-analytical earnestness: you are learning, this is good for you. In fact, you would be better off with an old-fashioned compendium of games. Clay Harris

The games mentioned below are available from leading department stores.

**Triominos**  
From £15 from Just Games. Two-year-old Meredith is already an expert at family games. We were unable to lock our back door for a week recently because one of her games involved hiding the keys... They were eventually



found inside a toy. So when a toddler's handful of triangular tiles - essential for the pursuit of Triominos, a three-sided version of dominoes - went missing, that was the place we looked. I took Triominos to a family gathering last Sunday and asked my parents, and nephews and nieces to try it. The signs were not good. The idea is to amass points by matching the numbers in the corners of a tile to the ones already played. But instructions were haggled over and two versions of the game were played. Neither was wholly satisfactory. Although it's billed as being a game for six-year-olds and above, I ended up helping Emily, my bright 10-year-old niece. Her solicitor father tried one round and walked away saying: "Serious hump game this." I understood what he meant as my mother took over at the head of the scoreboard. Sadly, it is all too complicated and the scoring system too artificial and arbitrary. None of us was sure whether this was a game of skill or not. The 56 tiles provide so many options and their triangular shape so many edges to play on that you could never be sure of blocking an opponent or planning a series of moves. The instructions contained no helpful hints on strategy or tactics and after more than 1½ hours of play, I was not sure there was any strategy to be hinted at. Trouble was, none of my opponents were prepared to stay around long enough for me to find out. Peter Whitehead

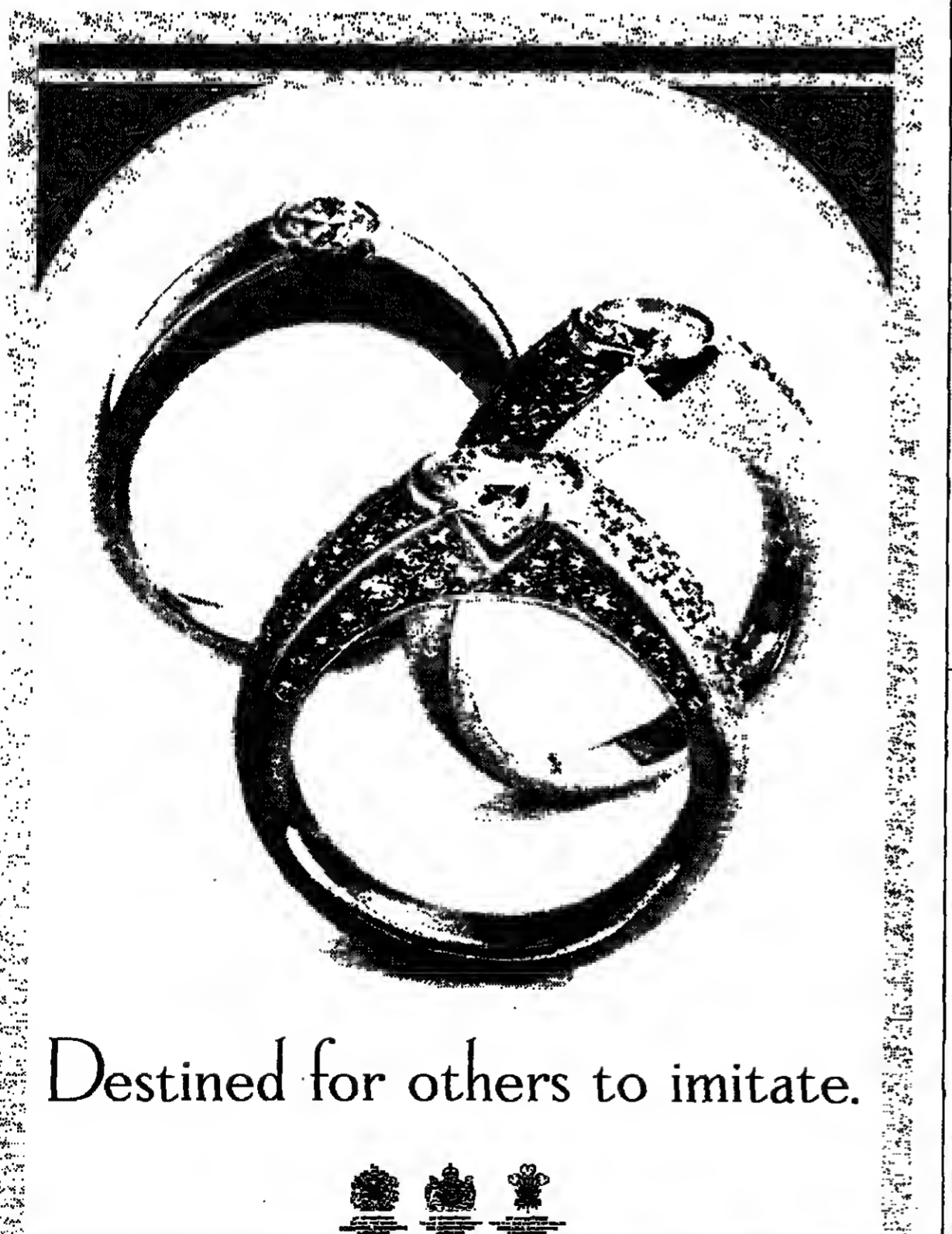
**Rapidough**  
£25, from Just Games. Rapidough's inventors know what makes a good family game: anyone can play, the result is friendly mayhem, and it is over in about half an hour. It is therefore not surprising that Rapidough is one of the fastest-selling games of the year. Unfortunately, playing it can be a little wearing. Rapidough is like charades in plasticine. Each team picks a modeller who has to craft a word on a card for team mates to guess. Words to be modelled range from easy (gnome) to impossible (curry). The modellers work simultaneously and there is a lot of shouting as their oeuvres take shape. The team that guesses correctly gets to wield a plunger that takes a bite out of the other teams' dough. Running out of dough ends the game and your bid for Rapidough stardom. Rapidough appeals to certain basic instincts: the sensuality of moulding your thoughts, the exhilaration of yelling, and the joys of imperialism when you annex your enemy's dough. It is a children's game. Tolerant adults can join in, while cleverer grown-ups will have gone for a walk. Danny Green

**Brain Strain**  
£20 from Just Games. "You shouldn't play this after too much champagne," giggled Suzanne. "It's just like the diplomatic service exams," grumbled Chris.

Brain Strain is the latest variant on Trivial Pursuit, that "knowledge" game where contestants chase around a ludo board and the winner is the one who has the most garbage-filled memory. It is a serious improvement on Trivial Pursuit. For a start, it is a team game. Second, some questions actually require you to think. Try: What links RECORD, PRODUCE and PROJECT? Some questions are silly - a cowboy rides into town on Friday stays three nights and leaves on Sunday. Explain. The team with the right answer moves a counter forward on a board. If the answer is wrong, the counter moves back. The team that moves the counter to the opponents' end of the board wins. Questions are too difficult for children, but for teenagers or a child-free Christmas afternoon, great. Danny Green

**Pass the Bomb**  
£17.50 from Just Games. As a child, there was always a moment of delicious anticipation as the new Christmas game was unpacked after lunch. The remotest possibility of beat-

ing siblings, or even parents, was too sweet to miss. Alas, the anticipation was seldom matched by the reality. Pass the bomb, however, would have pleased me as a child, and delights me as an adult. The game is simple. A pack of cards is shuffled and dealt. On each card are two or three letters, ranging from "Ang" to "Yd" (I couldn't find a combination starting with a Z). The object is, for each player to think up a word which contain the letters. A die is rolled indicating whether the letters cannot be placed at the beginning or the end of the word. And then the bomb is started. The bomb is a plastic ball with a string attached which makes a loud ticking sound. Its genius is that the length of time it ticks before exploding is random. Once the player has found a word he passes the bomb to his neighbour. The player holding the bomb when it explodes is given the card. The winner is the one with the least cards when all 13 have been played. Pass the bomb will still be played in decades to come. Paul Abrahams



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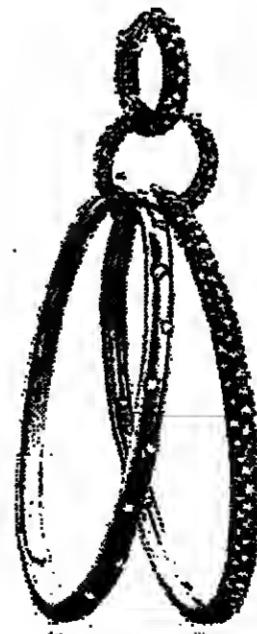
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FOOD AND DRINK

Bordeaux/Edmund Penning-Rowse

An unusual claret vintage

The 1996 claret vintage in Bordeaux was made in the shadow of the extremely successful 1995. US and affluent south-east Asian wine drinkers, only buy "blue chip" vintages, and are much less interested in their successors.

On the other hand, encouraged by global warming, many in Bordeaux thought that, following the hot August 1995, the hotter 1996 and the torrid 1995, a new weather pattern had been established. It was not to be. This year's weather was exceptional.

After a mild, wet winter that refreshed vines stressed last year, the prospects for an early budding were good; but they were dashed by a wet March - except for one day in the last week, when there was a heat-wave.

Flowering was late after a dull, wet April, but suddenly, at the end of May, hot weather produced a rapid flowering that was over in two or three days. Nevertheless there was a good deal of *couleur* (non-setting of the flow-

ers) and *millerandage* (non-swelling of the tiny grapes); and many growers later cut the bottom leaves on either side of the vines to increase the sun's impact.

There was a good deal of summer pruning. June was warm, July was cool and August mostly wet and certainly not hot. The prospects were bleak, but fairly warm and dry weather took over from September 1-17.

A common adage in the Bordeaux vineyards is that "August makes the taste"; but recent years have shown that the decisive period lies in September.

The results were an exceptionally high sugar content - and northerly winds that dried the grapes. There was very little rot. Many could not explain the high sugar levels, but these were accompanied by higher than usual acidity produced by cool

nights. This did not worry the growers as the subsequent malolactic fermentation would reduce it slightly. The weather deteriorated after the 17th, but held up over the weekend of the 20th/21st, and the picking began almost universally on the 23rd and 24th, but stopped after a day of severe rain on the 25th.

Most of the Merlots were harvested in the first week or so, and the Cabernet Francs and the Cabernet Sauvignons, generally the main ripening problem, were picked from October 2 onwards in fine weather. The vintage was over by the 12th, and in many vineyards a few days earlier. The first vint of Merlot had very good colour with 13 per cent alcohol. The outlook for the vintage is one of strong, fruity wines with a good deal of tannin.

A commonly heard suggestion



was that the vintage might resemble 1988 or 1986, indicating fairly slow developing wines: a *vin de garde*. But there were other views, including some as far back as 1966. These comparisons are seldom fulfilled, and prophecies are not uniform.

By the end of August much less rain had fallen in the Médoc than further inland, and the

right bank districts of St Emilion and Pomerol were much more affected.

Growers in the Médoc were generally optimistic, and also in parts of the Graves, including Haut-Brion, La Mission-Haut-Brion, Dom de Chevalier and Haut-Bailly where it was suggested that the vintage might turn out between *bon* and *très bon*. So optimistic too were the leading growers which I visited: among them Lafite, Latour, Ch. Margaux, Mouton-Rothschild, Ducru-Beaucailon, Cos d'Estournel and Léoville-Barton.

Of course, a final assessment cannot be made until the blending for the *grand vin* bearing the chateau label has taken place from early next year onwards. Nevertheless I received some shocks when I visited St Emilion and Pomerol.

Pierre Lurton at Cheval-Blanc was perfectly content. But it was a rather different report in some leading Pomerols. One proprietor said the year lacked heat, and Christian Moueix, traditionally somewhat pessimistic, and his oenologist for the whole domaine, Jean-Claude Beronnet, said the vintage was *moyen*.

Moueix suggested, provisionally, that possibly he would make only 2,500 cases of Pétus as against 3,600 last year. In all, it can be said to be a Médoc year.

Before the blending (*assemblage*), there is little discussion of probable price levels. After the record price sales for the leading 20 or so chateaux of 1995, there is little early interest, as happened initially with the 1990s after 1989.

Although the first-growth prices for the 1990s dropped

from FF230 (£26.52) a bottle to FF210, many consider the later vintage the better. At the time of this year's vintage, the price per bottle, in bond, on the Bordeaux market of Mouton-Rothschild 85 had risen to FF650, Latour FF490 and Lafite FF450.

Obviously the Bordeaux negociants hope that prices for the 1996s will not rise, but the best that one of the leading Bordeaux brokers could suggest was a fall of 10 per cent for the leading wines and more of a drop on the right bank, a factor being lack of stocks at the chateaux, save for a proportion of the 94s.

It is clear, however, that 1996 is not a claret vintage to be missed, but if it is like 1988, it may take a fairly long time to come round; but then 1996s are not for early drinking. The dry white Graves that were mostly picked early are good, and generally superior to the 1995s. The Sauternes too are much more promising than last year.

For information on the weather, I am indebted to Bill Blach, of Vitex, the Bordeaux negociants.

Cookery

A food lover's guide to the Balkans

Philippa Davenport on an exotic and remarkable culinary study and recipe collection

The cookbook that has charmed and interested me above all others this year is *The Melting Pot: Balkan Food and Cookery* (Prospect, £19.50, 384 pages), a remarkable culinary study of that deeply convoluted territory spanning part of the Middle East and part of Europe.

The author and illustrator is Sofia-born Maria Kaneva-Johnson, who married an Englishman and moved to Britain in 1965. She paints a loving and richly informative portrait based on inborn knowledge and years of research into the foods and cooking of the peoples that make up the Balkans, with their shared cultural roots and geographic, climatic, economic, religious and national diversity.

The result is an enthralling read, never dryly academic, combined with what must be the most extensive collection of Balkan recipes (300 or more) to appear in the west.

She argues that all-European cookery began in the Balkans about 8,000 years ago. She points out that the Romans did not introduce any new crops to the area, rather that their conquests led to the dispersal of many Balkan plants, and the craft of leavened bread-making, to other parts of Europe.

There are intriguing accounts of Bulgarian commercial market gardening co-operatives working abroad from the end of the 17th century; and the recent building of ovens barely changed in design from those of the ancient world.

The sense of continuity is striking. By force of circumstance, shepherds leading

solitary lives with their flocks, above the tree-line for much of the year, exist largely on bread or porridge and the dairy produce of their ewes. Some communities, she suggests, cling to the old recipes and old ways as a means of retaining their cultural identity.

*Zitno* or *zito* is a pan-Slavonic word meaning cereal, she tells us, stemming from the old Slavonic word meaning wheat, itself derived from the word meaning life.

A Slovenian porridge of millet and dried turnips may not be to everyone's taste



as Maiden's breasts. But there is a lot in this book that I want to cook time and again.

I am already more than mildly addicted to celeriac stuffed like globe artichokes and an exquisitely delicate Albanian recipe for poaching lamb then baking it in a trembling yoghurt custard. Salted walnuts, black olive stew, beef with prunes and chestnuts, apple kisel, and curls of orange rind threaded on cotton, like the beads on a necklace, steeped in syrup, all sound irresistible.

To the stranger, many of the ingredients have an exotic ring to them (wild apricots, buffalo milk, cornelian cherries, quince, mulberries, salep, pekmez, roasted flour, verjuice, winestones and walnut milk). The excellent background information given on them excites the travel bug in me. This is a very British reaction, I would guess, to judge by the extracts from the journals of such travellers as Lady Mary Wortley, Mary Durhan and Patrick Leigh Fermor that dot the pages along with old proverbs and folk tales.

Kaneva-Johnson gives the name of each of her recipes in the languages of all the Balkan peoples who make it, to help explain the ancestry of the dish. I quote the Bulgarian names only in her seasonal suggestions.

**TYURLJU GYUVECH** (serves four as a main course or six to eight as a cold table dish)

Vegetable stews are not in the British tradition but the taste for meatless meals (occasionally if not daily) is growing apace and this dish commends itself on many

counts. The Orthodox Christmas Eve supper is traditionally based entirely on garden produce; and Kaneva-Johnson describes this dish as exceptional, healthy and very typical, with its careful balance of ingredients. The ingredients list may be long but the method could hardly be simpler. Just the sort of thing to appeal in the run-up to Christmas.

1 medium aubergine (unpeeled but cut into cubes, sprinkled with salt and left to drain in a colander for 2-3 hours, then rinsed and squeezed gently to remove excess moisture); 2 medium onions, finely chopped; 400g potatoes, peeled and cut into small chunks; 400g tomatoes (fresh or canned), peeled and chopped; 4 medium cornettes, unpeeled but sliced; 250-300 young green beans (fresh or frozen), trimmed and cut into bite-size pieces; 100g young okra, the stalks carefully

pared away without cutting into the pod; 1 large green pepper, seeded and cut into squares; 250g frozen peas (or fresh ones blanched in boiling water for 10 minutes); 1 large bunch of parsley, chopped; 2 teaspoons paprika; 5-6 tablespoons vegetable oil; 4-5 fresh tomatoes sliced into rounds for topping the stew.

Keep the sliced tomatoes to one side. Put all the other prepared vegetables into a large earthenware casserole or terrine measuring about 30cm in diameter and 9cm deep. Season with 2-3 teaspoons salt and the paprika. Pour on 4 tablespoons of the oil and mix all the ingredients thoroughly.

Arrange the sliced rounds of tomato on top. Sprinkle with the remaining oil and smooth the surface with the back of a spoon.

Bake in an oven heated to 190°C (375°F) gas mark 5 for 1-1/4 hours until the tomatoes on top have browned.

There should be only a little sauce left in the dish. Serve straight from the dish, either hot or cold, with a salad and fresh bread.

**RANITSA SUS SIRENE** (serves 6)

A leaf pastry dish marks the high point of almost every Balkan festival and season; it is equally at home at opulent as well as humbler tables. This particular dish (which may be prepared ahead and rewarmed) is eaten on both festive and everyday occasions. It is also served at the stroke of midnight on New Year's Eve with a silver coin concealed between layers of pastry signifying good luck and prosperity through the year for the finder (in Albania and Greece), or a coin plus cornel buds wrapped individually in little slips of paper foretelling the finder's good fortune (in Bulgaria).

300g filo pastry (if frozen, allow the sheets to thaw in

their wrapper); 200g feta cheese, soaked in cold water for half an hour; drained and coarsely crumbled with a fork (or 250g Cheshire or white Stilton cheese, crumbled and seasoned sparingly with salt); 3 eggs, separated, the whites stiffly beaten; 65g unsalted butter (or 40g unsalted butter melted with 2 tablespoons oil).

Keep the pastry covered with a damp cloth to prevent drying out. Just melt the butter and keep it warm. Blend the egg yolks with the cream or yoghurt, then stir in the cheese and fold in the stiffly beaten egg whites.

Grease a roasting tin 25 x 20 x 5cm deep, or a round baking tin 25 x 5cm deep, with some of the melted butter. Line the bottom with two pastry sheets lightly brushed with butter, buttered side up.

If the sheets are torn or too small, patch them with a piece from another. Scatter over 2-3 tables-

poons of the filling, then continue laying buttered sheets, gathering each into light folds before you trim off any excess - to introduce height and air - and scattering with filling after every second or third sheet, until all is used. Place the last two sheets of pastry flat on top, cut the stack with a sharp knife into five wedges or rectangles, and pour on any remaining butter.

Place the tin in the upper part of an oven heated to 200°C (400°F) gas mark 6. Immediately reduce the temperature to 180°C (350°F) gas mark 4 and bake for 20 minutes. Then turn the oven down to 150°C (300 F) gas mark 2 and bake on a lower shelf for a further 25 minutes. At the end of this time, the crust should be deep golden brown, the base underneath pale brown; if not, bake a little longer.

When cooked, leave to cool a little, then cut into portions. Serve warm or cold.

Appetisers

A cask-strength Laphroaig

Allied Domecq has pulled out some Christmas plums this year. For the first time, it has released a cask strength Laphroaig at 57 per cent with all that wild spiciness and peatiness that Islay malt devotees love so much. Oddbins is selling it at a bargain £28.99.

Even more exciting has been the release of a 30-year-old malt from Ardbeg, Laphroaig's neighbour on Islay. For years now, malt lovers have been tearing out their hair to locate rare bottlings of Ardbeg.

This 30-year-old has a mellow sweetness which fails to conceal the smoky character of one of Scotland's very greatest malt whiskies. Financial Times readers can buy it at an exclusive price of £86 (the normal price from the distillery is £94.98).

Cheques should be made out to Allied Distillers and addressed to Charlie Sale at Leadbetter Inc, 3 Morocco Street, London Bridge, London SE1 3EB. Do not forget to include a delivery address.

Even rarer is a 60-year-old Macallan from Speyside. Only 12 bottles were filled and one was sold last week by Christies for the benefit of the Wine and Spirits Benevolent Society. It fetched a record £11,000.

Oddbins has stocked up on a few rare malts for the festive season, as well as a few bottlings of its own. Recommended are the 1984 Single Highland Malt with its butter-Bourbon character (£14.99) and the fruitcake-like 1973 Speyside (£21.99).

A series of 15-year-old malts have been aged in sherry, port and madeira casks. The most successful are aged in the sherry and madeira casks (£19.99).

Two collectors' items from Hart Brothers are the sweet, heathery 18-year-old from Highland Park (£27.99) and the subtly peaty 19-year-old Port Ellen (£29.99). Rather dearer are a couple of rare malts at cask strength: Benrinnes XI (£44.99) a beauti-

fully sweet, fruity old whisky, and Benromach 27 (£49.99) with its rich, sherry character.

For anyone with £1,100 to spare, Hennessy has released "Richard Hennessy" which, it claims, contains 150-year-old cognac (cognac is transferred from wood to glass at 50-60 years, at which point it ceases to age). It is a rich, buttery old brandy with a delightful rancio character and that smell of vine flowers which is important for cognac lovers. Leading retailers stock it.

If you do not have that sort of money, Oddbins is doing a good little Bordeaux cognac called L'Hermitage for £25.

Giles MacDonagh

after's stale aromas.

Among the best cigar merchants around the UK are: Davidoff (0171 930 3078), Alfred Dunhill (0171 250 8836) and J.J. Fox (0171 930 3787) London SW1; John Hollingsworth, Birmingham (0121 236 7768); James Barber, Sainsbury has since sent me samples of its version, on sale in the petisserie section of 100 of their branches nationwide, which is reasonable value.

PD

Anyone seeking a cheap night out or, in my case, a re-run of my days as a student in Manhattan, could not better the following. A 10in pizza, easily big enough for two, from the coal-burning oven of Arturo's, Greenwich Village, 1106 West Houston Street (212 677 3820) followed by ice-cream or dessert from Custard Beach a few blocks away at 33 East 8th Street, tel: 212 420 6039. There will be change from \$20 (£12).

NL

Those scouring the bookshops in search of Christmas presents for food and drink loving friends may like to consider the following titles, all shortlisted for the 1996 Andre Simon Memorial Awards:

*Frangrance of the Earth* by Nada Saleh (Saqi); *From Anno's Kitchen* by Anna Thomas (Penguin); *Preser-*

ing *Fine Wine* by Jim Budd (Apple); *Guide to Wine Grapes* by Jancis Robinson (OUP); and *Wines of New Zealand* by Rosemary George (Faber). PD

Date for the diary in 1997 is Nantwich International Cheese Show to be held on the parkland of Dorford Hall, Cheshire, on Wednesday July 30. More than 18 countries and 1,500 cheeses, butters, yoghurts and dairy products are expected to be on display at what has become one of the premier cheese events in Europe. For more details fax Andrew Hunt on 01270-811421.

Jill James

ing by Oded Schwartz (Dorling Kindersley); *Savouring the East* by David Burton (Faber); *The Italian Pantry* by Monisha Bharadwaj (Kyle Cathie); *The Melting Pot: Balkan Food & Cookery* by Maria Kaneva-Johnson (Prospect); *The True History of Chocolate* by Sophie & Michael D Coe (Thames & Hudson); and *Traditional Spanish Cooking* by Janet Mendel (Garnet); *Appreci-*

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Two stocking fillers for those who still enjoy a cigar after Christmas lunch. Andrew Jefford's *Smokes* (£4.99, 112 pages) is a highly enjoyable, anecdotal book on tobacco which, unusually, acknowledges its addictive side while Lampes Bergers, fragrant oil burning vases, (Harrod's Cigar Department £30 upwards) disperse what some refer to as the morning

Oiley (01943-462603) and Herbert Love, Edinburgh (0131 225 8082).

Nicholas Lander

In my recent piece on continental cakes for Christmas and the New Year, I said that the only commercial version of *galette des rois*, the traditional Twelfth Night cake of France, I had come across were made and

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TRAVEL

Mirages that look like igloos

Desert ice was a popular commodity in the Iranian city of Yazd, says Scheherazade Daneshkhu

For centuries western travellers were surprised to find ice in the Iranian desert. The inhabitants of Yazd, lying at the crossroads of the caravan route from India and central Asia, prospered through their trade in textiles, brocades and gold.

The richer you were, the bigger or more elaborate the baad-gir

A Dr C.J. Willis, an Englishman who worked with the Indo-European Telegraph Department in the 19th century, was impressed at the variety and sophistication of the ice-creams and sorbets.

In the desert, where summer temperatures can reach 42°C or more, ice was made by building a long, shallow pool protected by a south-facing wall to shield it from the sun.

It was then stored in an adjoining ice-house, huge igloo-shaped structures which now stand empty.

I had always wanted to visit Yazd, not only for these ice-houses but also for its wind-catchers - known as

baad-gir - which act as natural cooling systems for homes. The chimney-like structures catch the prevailing winds and direct them into the adjoining house - the equivalent of air conditioning.

The size of the baad-gir was often related to a family's wealth - the richer you were, the bigger or more elaborate the baad-gir.

The tallest in Yazd stands 38m high at the 18th century Dowlat-abad building, which was once a royal residence.

When I entered Dowlat-abad's gardens, it was overrun with Japanese and German visitors. I had not expected to see any tourists here, apart from the two Scottish friends who had joined us, but Yazd's desert architecture is beginning to attract more visitors.

Tadeo Yamada was an architectural student visiting Iran for the first time, and was clearly excited by Yazd. He was especially drawn to the city's wind-catchers, which have inspired a number of international architects to design natural air-conditioning systems for ecologically friendly buildings.

No building stands taller in Yazd than the tiled minarets of the 14th century Jama'at mosque, which is said to have the highest por-

tal of any mosque in Iran. It is in the old part of the city, where many of the narrow streets are covered to keep out the heat.

Today the less well-off live here but it was once the preserve of the wealthy whose grand houses are now being restored. Iran's equivalent of English Heritage - Miras-e Farhang, part of the Ministry of Islamic Guidance which is also responsible for tourism - has offices in most of Iran's towns and cities. In Yazd, the organisation operates out of a house which once belonged to the wealthy Lari family of merchants.

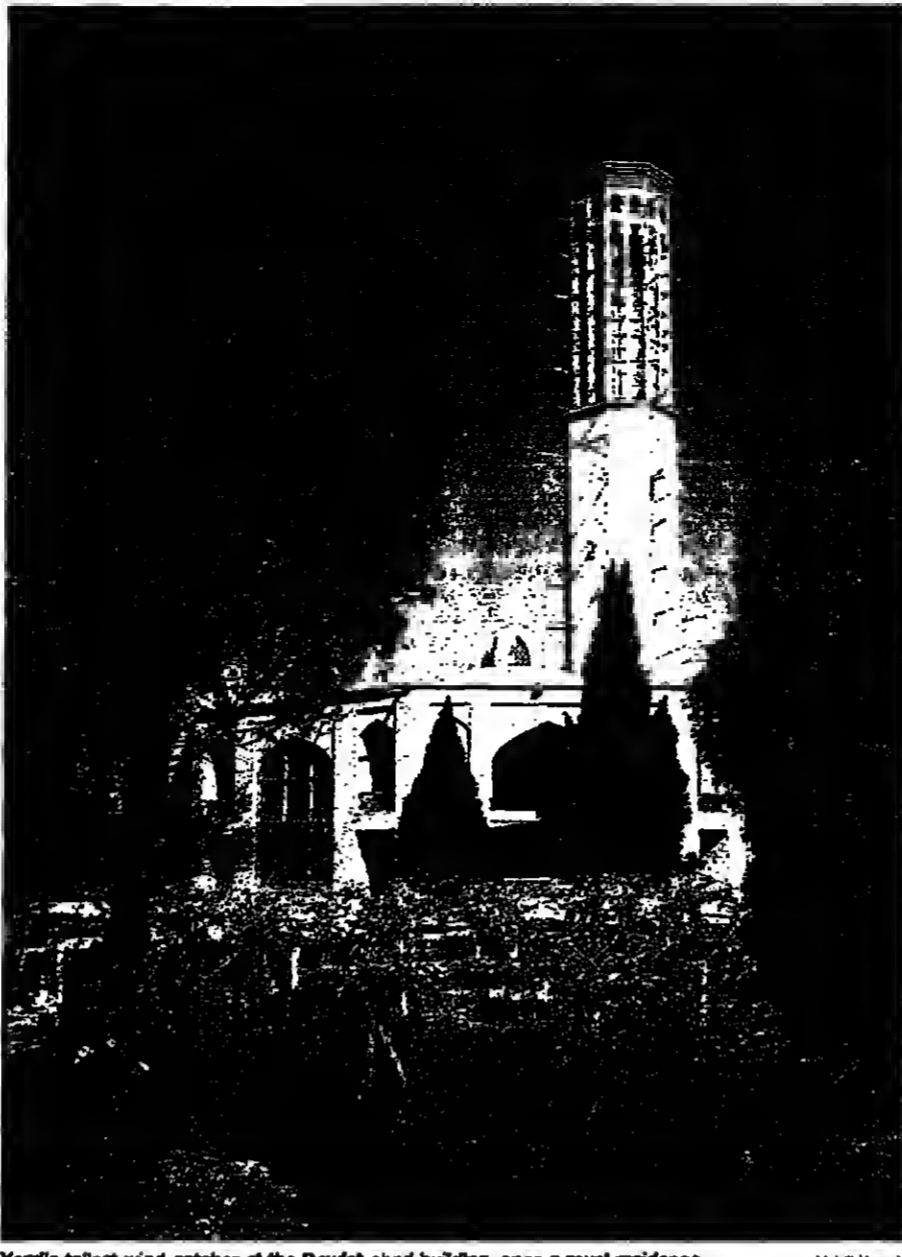
The Lari house is a perfect example of traditional Iranian architecture, with the rooms built around an inner courtyard comprising a rectangular garden and pool. The north facing central room is double height and is sheltered from the sun by a deep porch.

We were less fortunate in finding our way into the Atashkadeh, a Zoroastrian fire-temple, to see the sacred flame said to have been burning since the fifth century. The temple was shut due to a public holiday but it was still not open when we returned the next day.

As we contemplated what to do, two boys in their late teens approached us. They said they were from the Ministry of Islamic Guidance and were conducting a survey on tourism. Would we mind acting as interpreter for our western friends?

First, they asked whether they thought the available tourist information was adequate and whether they had found Yazd's hospitable.

Then they asked whether they had encountered any difficulties in the Islamic



Yazd's tallest wind-catcher at the Dowlat-abad building, once a royal residence

Republic. "Does wearing a headscarf bother you?" she asked Lucy. "No," she said politely. "Would it be a good idea if women in Europe also covered their hair?" they added. When she said it would not, they asked for her reason. She said it would be inappropriate since women in Europe were Christian.

"But would it not be better if Europeans were Moslem," they persisted. At this point, we admonished them for straying so far from the topic of tourism. After protesting faintly, they grinned and said these were not their questions but those of the ministry. We were thirsty as we

hired a taxi to make our way to the Jame' mosque and asked the driver to take us to a tea-house. Instead, he invited us to his house. We declined but he insisted and before we knew it the car had changed direction.

He informed us that he was taking us to his daughter-in-law's house, since his wife was spending the afternoon there. We were alarmed at the doubtless inconvenience to his daughter-in-law of the sudden arrival of four visitors, but our protestations were to no avail.

The windowless sitting room was spotless and furnished with blankets for seats and pillows to lean

against the wall. The whole family was present: two sons, daughter, son-in-law, daughter-in-law and the driver's wife. They served tea and the freshest of Yazd's famous sweets, tangerines and pistachios, amid polite chatter. We refused the invitation to dinner.

When we finally reached the mosque and began to take out a wallet, the taxi driver was offended that we had even considered paying him. We told him that we would pay for the taxi ride, but he still refused. As he drove off wishing us a pleasant stay, I recalled Marco Polo's description of this city as the "Good and Noble city of Yazd".

Off the Road A welcome drink after a day's work

Nicholas Woodsworth is busy in the vineyards of California

Some 7,000 miles after leaving the Atlantic coast of Nova Scotia, my little van and I coughed and spluttered our way into California. It was heaven.

We - I say we because I am beginning to think of us as a crotchety old couple - had been blessed senseless by winds on the Great Plains; we had spent an entire night shivering in the Rocky Mountains; we had been subjected to biblical rains in the Pacific north-west. And now, suddenly, descending from the mists and drizzle of Oregon, we were gliding blithely through the balmy air and warm sunshine of California. We were ecstatic.

At Orick, on the northern coast, I bought the ingredients for a celebratory picnic. Feeling Mediterranean, I bought Californian feta cheese, black olives, plump red tomatoes, and freshly baked bread laced with hot serrano peppers. Knowing nothing of California wines, I took the first bottle at hand - a Pinot Noir from the Russian River Valley.

Now the Russian River does not arouse sun-kissed, vinous, wine-bibbing Mediterranean images. Try as I might I could not, even with my eyes closed, picture happy, tuneless peasants harvesting grapes on the banks of a river with such a name. I do not mind admitting, though, that after a long and well-irrigated picnic on a nearby beach I was feeling like Bacchus himself.

The Russian River vineyard proved very pleasant indeed, providing, as the label promised, great intensity, bright, lively character and complex depth. I decided that any place that could come up with all these things, and capture them in a bottle, needed further investigation.

The Russian River, I discovered, lies in Sonoma county, just a hop over the Mayacamas Mountains from California's most famous wine-producing area, the Napa Valley. But the two places are really worlds apart. Napa, of course, makes world class wines, using French grape varieties. It challenges the French at their own game, and often wins.

Napa is also a world-beater in another domain - promotion and public relations. For more than two decades millions of tourists have been attracted each year to the narrow valley that is home to about 700 wineries. There they encounter magnificent art-filled properties, smoothly run, on-the-hour tours and tastings, and some of the slickest wine salesmanship around.

With a group of wide-eyed visitors from the mid-west I followed a bright and well-spoken young man around the estate of one of California's most renowned wine-makers, Robert Mondavi. In spotless, well-lit cellars our guides raised the veil of mystery surrounding such subjects as malolactic fermentation, phyloxera, and the origins of Mondavi's celebrated Fumé Blanc wine.

But somehow, I felt vaguely dissatisfied. I wanted to get closer to the grapes themselves. I wanted to get hands-on and sticky.

My prospects for a little honest work appeared better in the Russian River Valley. It is the Napa Valley's rustic, less cultivated cousin. Running parallel to the coast, 25 miles inland, it flows through steep, broken hills before turning seawards just north of the town of Sebastopol. Sprawling and rugged, its slopes covered in oak forests and grassy open meadows, it has little of its neighbour's sophisticated pretention. Yet it makes

wines that are second to none.

At 7am a day or two later I found myself in a field of Gewürztraminer with a cuchillo in hand. The language of the vineyard, I was discovering, is as specialised as it is in any other field. "Gewürztraminer" is a premium varietal grape originating in Alsace; a cuchillo is the sharp little crescent-shaped blade workers use to cut grapes from the vines.

For most outsiders, in fact, the working language of the California vineyards is wholly impenetrable. If Italian immigrant labourers were replaced by homeless and itinerant Oklahomans during the dust-bowl Depression days, since the 1960s vineyard work has been done almost exclusively by Mexican field hands.

Vineyard work has always been done by the needy, my harvesting companion Lon Socorro Casillas said, because no one else will consider it - the work is hard, the hours long and the pay poor. Casillas is the vineyard manager where the valley's last, late autumn harvest was taking place. In full season he is in charge of 35 or 40 pickers; now, there were just a dozen of his countrymen spread out along rows of slowly yellowing vines.

In a raid on the vineyard, one out of three men ran for the hills

Off we went, reaching for ripe bunches of pearly pink grapes hidden under their canopy of leaves, slicing their stems, and dropping them into large plastic tubs. As the day wore on any vision of happy peasants sipping in the fields evaporated with the mist. Grape picking is tough work.

In the morning, when fog rolls in from the Pacific and blankets the fields, this is the source of the Russian River's beneficial cooling effect on slow, even ripening - the weather is chilly. In the afternoon, when the sun burns the fog off, it is hot.

When it rains the valley bottom's clay soils collect in heavy clods around picker's boots. But above all, it is the great speed demanded of workers that is taxing. Paid usually by weight rather than the hour, my colleagues-for-the-day moved with the speed of lightning and left me exhausted.

It is a gruelling way of life, especially for those itinerant workers who, year in and year out, follow seasonal fruit and vegetable harvests from the Mexican to the Canadian borders. Yet it is often more attractive than life at home.

Casillas, once an illegal alien, chuckled as he told of a US Border Patrol raid on the vineyard two years ago. For every three of his men who stayed put, one ran for the hills. Although controls are more stringent than in the past, counterfeit work documents are easily available and clandestine immigration remains the goal of many.

That evening, camped among the now deserted and grapeless vineyards, I sat cooking in my van with another celebratory glass of wine in hand - bone-weary, I was toasting the achievement of simply having made it through the day.

The wine, of course, was Gewürztraminer. Like the previous bottle of Russian River wine, it, too, had intensity, character, and depth. That evening, I appreciated it all the more.

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SPORT

Football

# Healthy, wealthy but is it wise?

Newcastle's Sir John Hall is a man for the shifting times on and off the pitch, says Keith Wheatley

Stock market excitement about the flotation of half-a-dozen struggling British football clubs is repeatedly being taken as evidence that the sport has never been healthier. Certainly it is wealthier. But to me the game is sick. Football has become a value-free zone.

Evidence this year, from Paul Gascoigne to George Graham, shows that whatever a football star does in the real world is excusable, forgivable, forgettable. Whether the offence is wife-beating or making free with club funds, only those 90 minutes on the green rectangle count. Paradoxically, such an attitude would scarcely have mattered a generation or more back. What players did then away from the pitch was scarcely reported. Their influence as role models - beyond dribbling and trapping - was minuscule. Nowadays footballers cannot be allowed the luxury of thinking that what they do beyond the touchline does not count.

Last week I bumped into Marco van Basten on the French Riviera. He had been playing golf and called into La Caffe, a quiet place in Antibes, for a drink. Van Basten, a former AC Milan striker, has not kicked a ball in almost four years since being sidelined by a knee injury. Yet his arrival created as much attention as if Madonna or Tom Cruise had walked in.

"It still frightens and amazes me how much people follow the details of my life," he said. "I'm just a retired footballer living quietly in Monaco. Golf is about the wildest thing I do but I still get the media treating me like I'm a movie star."

Van Basten seems an admirable young man but he is far from the norm. Parents trying to bring up their children to believe that

cheating at Monopoly or Snap is indivisible from other more serious forms of rule-smashing are getting little help from the sport. As it infiltrates every sector of our lives, the pervasively negative example of many of its stars matters more and more.

Some sports journalists are anxious over the moral decline in the turf they cover. Patrick Barclay, one of Britain's most gifted football writers, wrote an extraordinary confessional recently in a journalist's trade magazine. Barclay declared himself so depressed by the sheer venality and unpleasantness of many of the sport's players and managers that he tries to avoid the off-the-field interview. Barclay says the game still fascinates him and he describes the action on the pitch with great vividness, yet his reports of football's wider milieu seem to be written more in sorrow than in anger.

Sir John Hall is seen as one of British football's great movers and shakers. His creation of a strong team and a magnificent stadium for Newcastle United has been described - not least by himself - as a keystone in the revival of the economically depressed north-east of England.

Sir John has also turned his attention to ice hockey and rugby. His fight against the Rugby Football Union at Twickenham over the division of spoils from television coverage of the first-class game, still threatens to end in litigation and create a split to rival the 19th century fissure that created league and union.

The prospect does not bother Sir John. He has said that antediluvian structures at the RFU or elsewhere cannot stand in the way of sports club's near-divine right to turn themselves into profitable leisure companies.



Sir John Hall: a mover and shaker in British football and possibly ice hockey and rugby too

This is a man for his times. In the early 1980s, Sir John was a property developer, then came shopping - in spades. At Gateshead he built the Metro Centre, a gigantic shopping mall modelled on a complex in the Canadian prairies. Tyneside, an area built on heavy manufacturing industry, now in decline, had seen nothing like it. Money flowed like the Tyne itself, but in the end it was just retailing. Buying and selling. No one made anything.

For all the worldly interviews he gave about regional revival, Sir John was really just a shop landlord on an unbelievable scale. When he fought his way into control of events at St James' Park and the chairmanship of a once-great football club, he was showing once more his extraordinary antennae for the economic zeitgeist of a new decade. If the 1980s was shopping, then the 1990s was sport.

If the underlying theme was really bread-and-circuses, the soc-

cer-crazy Georgies did not spot that. In a chilling interview on a radio programme, Sir John said that so many young Tynesiders were out of work and unlikely to have a fulfilling career that it was important to provide a successful, glamorous football club for them to support in order to preserve their self-respect.

For a self-proclaimed regional messiah it appeared a pretty low-level ambition. Newcastle United FC on a roll as a swap for jobs and economic independence would not have been a deal that found many takers on Tyneside a generation ago. But little dissent was audible above the cheers for Kevin Keegan.

Sport's true role as a physical and emotional recreation, as an adjunct to peoples' private and professional lives, is diminishing at an ever-increasing rate. As the investment necessary to maintain and run a professional sports team doubles and quadruples, then heritage, ethics and laugh-

ter become luxuries too expensive when set against the cost of marketing the product.

Fred Rosen, chief of the giant US leisure corporation Ticketmaster, recently described the imperatives with impeccable clarity. "I know there's rock concerts, and movies, and books and television and CDs and Internet and sport," he said, "but I also know this - everybody's only got the same two hours."

In the not-too-distant past sport was part of the continuum of a fan's life. They had played the game in school or college, possibly into young adulthood, cheered for a local side, cementing their loyalty to a suburb or city. It was important, passionate, but peripheral. Suddenly the stakes are too high. Every football club that just spent a fortune on a Brazilian striker, knows that it must fight and claw for Rosen's two hours. Despite the viewing figures, not all of us find it a pleasant spectacle.

Cricket

# Australian tour slips

West Indian fans have been shocked speechless, says Canute James

No one, not even the most cynical, seems able to work up the courage to say: "I told you so." They, and particularly the most optimistic of West Indian cricket supporters, have been shocked speechless.

All agree that the team now in Australia is not the strongest fielded in recent years. The more outstanding bowlers have started down the far side of the hill, and the batsmen have not been at the top of their form. Much was expected, however, of the new pace bowlers and an improving middle order which included one of the game's best batsmen.

While West Indians conceded that this was expected to be a hard tour, many find it hard to swallow that less than half-way through, their team has lost the first two tests and the opening one-dayers. Worse, none of the encounters constituted a match in the real sense of the word. The finger pointing has started, and will inevitably gather pace, even in the unlikely event that West Indian fortunes are reversed.

Voices are being raised about the team's composition. The attack is unbalanced, argue some. This was especially clear in Sydney, known to be a spinner's wicket. Yet the West Indians went into the tour without a specialist spinner. Emotion has obscured the other aspect of this charge. If there were to be a spinner, who would it have been, and would he have been effective? Well say the cynics, regaining their voices, he could not have done much worse than the pacemen.

The sad truth which West Indian selectors and now despondent supporters have to face is that a four-pronged pace attack is effective only if there are four outstanding fast bowlers. And within the current West Indian attack, there is another imbalance with the continued reliance on Curtly Ambrose. He has failed to fire and appears tired and disinterested as rumours mount of an impending early retirement.

There is also a persistent problem in the inability of the last six batsmen to put together more than 50 runs. And there is unfair pressure on Brian Lara to be consistently brilliant, as a result he seems to be trying too hard. His performance off the wicket is also worrying. West Indians who

thought troubled days of penitence were past, were unhappy at Lara's appearance, in the Australian dressing room to invite Ian Healy, the Australian wicket keeper, not to visit the West Indians. Regardless of his feelings about an umpire's decision, and West Indian management apologies notwithstanding, this was not only a worrying act by a future captain, but will also distract from Lara's concentration on his batting.

This tour was supposed to mark a new beginning. In the wake of the troubled two years under Richie Richardson's captaincy and Andy Roberts' coaching, with indiscipline rife among the players, many thought that getting rid of them would have at once reasserted the team's dominance. A new board, which paid greater attention to the players, a new tour management which would be the envy of most teams, and a captain who is among the game's most outstanding performers, were among the ingredients which would return the West Indies to the top of world test cricket. But the team's approach so far suggests that not all the problems have been solved.

Listlessness is the reward to captain Courtney Walsh's efforts to instil some enthusiasm. Invariably, there are already questions about Walsh, and his ability in strategy and planning. It is also likely that next year will be his last with the team.

But those who question Walsh's leadership admit they are concerned about the attitude of their apparent Lara. Even in the deepest despondency, West Indians are not so churlish as to conclude that the fortunes of their team are the result solely of poor form and attitude. Clearly, the Australian team is one of the more talented, organised and motivated. They have got the formula right.

While the West Indians depend on two or three players to fire, and hope that others will support, the Australians have nine players who can bat and nine who can bowl. There is no shortage of individual talent.

To deal with this, the West Indians need to be at the very top of their game. Looking at their showing less than half-way through to the tour, they are far from it.

Motoring

# Mature refinement

Stuart Marshall finds comfort in two similar flagship models

Superficially, the Toyota Camry and Mazda Xedos 9 - both V6-engined flagships of their respective marques - are pretty much alike.

They come fully loaded with electronically-controlled air conditioning, leather seats, automatic transmission, cruise control and power-operated sunroofs, windows and mirrors. Their boots are huge, their styling restrained and, compared with many of the management-level saloons made in Europe and equipped to the same high standard, their prices are modest.

Camry V6 is listed at £24,698, the Xedos 9 at £27,950. The Xedos has a traction control system and CD autochanger, which the Camry lacks, but Toyota does provide Camry buyers with power-adjusted front seats.

Mazda says nearly all Xedos 9s are company-owned and driven mainly by middle-aged men earning up to £50,000 a year. Clearly, the Camry V6 attracts a similar kind of user. For younger, more thrusting people, Toyota is introducing a 2.2-litre, four-cylinder Camry Sport next month, with lowered suspension, some subtle



Left: Toyota Camry (left) and Mazda Xedos 9 V6-engined saloons aimed at business executives.

go-faster body add-ons, larger wheels and Connolly hide trim.

Being neither young nor thrashing, I doubt whether it would appeal to me as strongly as the 3-litre V6, because I reckon this car enshrines all the things mature motorists value. It offers great comfort, has more than adequate performance and so low a level of background noise that journeys are unrelaxing and radio listening enjoyable.

The Camry is not well known in Britain. Even if Toyota doubles its current level of sales and realises its 1997 target of 1750 registrations, fewer than two in 100 management level user-choosers will drive a Camry. It is all very different in the US; well over 250,000 locally-manufactured Camrys were

sold there last year, making it the most popular car in its class after the Ford Taurus and Honda Accord.

Although the Camrys sold in Britain come from Japan, not the US, they still have an American feel about them. The suspension is quite soft, especially at the front, and the ride almost Jaguar-like. Sensibly driven, the V6 Camry handles nicely, though I suspect the users Toyota has in mind for the sporty 2.2-litre version might think it a bit woolly.

The automatic transmission is ultra-smooth and its clever electronics first detect, then adjust to, individual driving styles. Thoughtful touches include a sunglasses holder above the rear-view mirror, fog lights that turn off with the headlamps, a tissue packet holder built into the centre console and a front bumper designed to withstand 5mph/8kph impacts.

After a week spent driving the Camry, my first impression of the Xedos was that it felt much more European, even though it is made in Japan. The ride, though comfortably shock absorber, was firmer, the steering response quicker and there was more road induced noise. Did the Xedos, I wonder, have its tyres and suspension tuned for billiard table surfaces in Germany rather than coarser, stone-chipped secondary roads in Britain?

The Xedos 9's engine is of 2.6-litre capacity against the

Camry's 3.0-litre and is slightly less powerful, yielding 163 horsepower against 188 bhp. Maximum power and torque (pulling power) are developed at higher revolutions. This reflects a heavily "over-square" design, with a much bigger bore than stroke, whereas the Camry's V6 has a substantially longer stroke than bore.

The automatic transmission of the Xedos takes up the drive quite sharply; when driven hard, upward changes are noticeable. Even with a relaxed driving style, they take place at higher revolutions than in the Camry but the engines of both cars are never less than turbine smooth.

Camry is considerably lighter than Xedos and is quicker off the mark - 0-62mph (0-100km) times of 9 and 11 seconds respectively are claimed - in real world conditions, the difference is not obvious. Both have theoretical maximum speeds of 130mph/210kph; users could expect about 25mpg (11.3 l/100km) in normal use, giving a safe refuelling range of 350 miles/560km.

Neither Camry nor Xedos has the aura of an Audi A6, BMW 5-Series or Mercedes-Benz E-Class - this depends more on perceived status than performance, equipment levels or even value for money. But as alternatives to any of the posh models from European high-volume producers, they look very attractive.



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This unnecessary destruction can be prevented by combining modern techniques with traditional practices so that the same plot of land can be used to produce crops over and over again.

In La Planada, Colombia, our experimental farm demonstrates how these techniques can be used to grow a family's food on a small four hectare plot. (Instead of clearing the usual ten hectares of forest.)

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PROPERTY / OUTDOORS

# Celebration of two English institutions

Country Life magazine and agents Knight Frank share more than a birthday, says Anne Spackman

At the end of the last century two men were struck by the business potential of the English country house. One set up a firm to sell them; the other started offering those outside the gates a glimpse of life at the end of the gravel drive.

They could hardly have expected that 100 years later, in a world dominated by cars, aircraft and computers, the English country house would remain such an object of fascination and desire.

This Christmas marks the end of the centenary year of Knight Frank, founded in April 1886, and the start of the celebrations of 100 years of Country Life magazine, launched in January 1897.

The two institutions share more than a similar birthday. There is a symbiotic relationship which dates back to their earliest days and to the foresight of one particular man, Howard Frank.

He was equally alive to the power of advertising. One week he took over the back page of *The Times* every day to advertise his houses and chattels.

But he came to see *Country Life* as the best window for his goods. His only way of securing its opening pages was to buy the estate agency of Walton and Lee which advertised there at that time. The first full front page advertisement for Knight Frank and Rutley - as the firm was known until a year ago - subsequently appeared on October 12 1912.

The arrangement, whereby Knight Frank had the opening right-hand pages, continues to this day - although several competitors challenge for it.

Clive Aslet, editor of *Country Life*, acknowledges that property advertisements are an integral part of his magazine. "I am very lucky to be editor of a magazine, half of whose pages are done by somebody else," he says wryly.

Rutley handled 35 per cent. its most famous sales include Crystal Palace, Chequers and Stonehenge.

When Peter Oldfield joined the firm in 1933 his reputation was already established. Howard Frank took him on because of his good connections, but his father still had to pay £500 for the privilege.

"Howard Frank said his would give me 10 per cent of the business. I could produce," Peter Oldfield recalls. "Luckily I was a great friend of Lord Rosebery's son and he got all his friends to send their business my way. I earned £7,000 in my first year. The next year Howard Frank reduced it to 5 per cent and I earned £10,000. After that he gave me a salary."

Peter Oldfield was also no slouch when it came to publicity. He tried to get three of his horses licensed as Knight Frank and Rutley to run in a high profile race.

Both Knight Frank and *Country Life* have images steeped in that cosy aristocratic world. They have had to face the awkward task of modernising themselves, while still keeping their reputations in the grandest drawing rooms of Britain.



A glimpse of life at the end of the gravel drive, Chirk Castle 1905

From Shere Ellen's 'The Country House Garden' from the archives of *Country Life* published by Michael Beerley, CAG, 182 pages

The residential-commercial split is now 40-60 in the UK and overseas it is even more heavily weighted towards commercial business. It sees its future increasingly in the global market.

"The idea that you could go hunting, shooting and fishing and pop in on Thursday to get your mail, all went," says Patrick Ramsay, head of the country house department, who joined in 1974. "It's not a game. It's a

highly professional business. Everyone has to perform."

That is undoubtedly true. But it is difficult to believe as you cast an eye down the double-barrelled staff surmises that it does not help to know one end of a shotgun from another.

A television documentary on 100 years of *Country Life*, to be shown next week (BBC2 December 23), tried to tease out some of the old prejudices, is it new or old

money which buys these huge country houses, Ramsay was asked. Neither, he answered. It is just money.

*Country Life's* most obvious response to the demands of the modern world was to go into colour. Though always a leading photographic magazine, it eschewed colour until the 1980s.

Clive Aslet says the main founder, Edward Hudson, was rather tweedy, but the

staff and readers today are marked by character rather than class. "You will still find *Country Life* in quite a lot of stately piles, but not exclusively in such places," he says. "It is not a snobbish magazine. It is a magazine about things of quality."

*Country Life* is undertaking a project as part of its centenary programme to predict what the countryside will be like in another 100 years' time. Where does

Knight Frank see itself in the year 2096?

"We are not going to be at the forefront of technology," says Patrick Ramsay. "The internet is important, but it is not our world. We are moving in the opposite direction, to a more and more personalised business. Our clients don't want to be given tons of bumph and told to help themselves. It's service which sells houses, not information."

Skiing

## Avoiding downhill slopes

Martin Bell on problems retired skiers face finding regular work

Downhill ski-racing is dangerous. What Pietro Vitalini did in the World Cup Downhill at Kitzbühel in 1995 was very dangerous, and I saw him do it. I watched live on TV in the mountain restaurant at the top of the Hahnenkamm, as he flew over the inadequate crash barriers, into a field that would normally have been packed with spectators.

As the race was taking place two hours earlier than usual, he was extremely fortunate merely to tumble down a slope of powder snow, and was not hurt.

I had to tackle the same treacherous strip of ice myself, 20 minutes later. Not only my fortunes, but those of my family, were hanging upon the outcome - just that morning, I had been fantasising about a headline-grabbing result which would enable us to move from our small flat into a house.

In spite of that incentive, Vitalini's accident had infected my sub-conscious with caution which I could not shake off, and it became the first seed of an idea - to stop living dangerously, and retire from downhill ski-racing.

Given the complete uncertainty of future sponsorship or Sports Council funding, I decided it would be irresponsible to continue to inflict this existence upon my family.

When I won a record fourth British Ski Championship title the following week, it merely confirmed that I should go out "on a high". But what can an old ski racer do?

After announcing my retirement, I received letters of thanks from bodies such as the British Ski Federation, the English Ski Council, and the British Olympic Association, and the accolade of the Pery Medal from the Ski Club of Great Britain.



Martin Bell in action before he gave up competition in 1995. Now he is happy tackling steeper challenges as a consultant

its divisive factions could be made more streamlined and centralised.

Mixed feelings ensued: the better the job I did at improving the lot of the remaining British team members, the more I might feel that perhaps I should still be in their ranks after all.

However, the British Ski Federation accepted very quickly that my services were no longer available as a competitor, and tried to recruit me as the coach of the children's team.

I would have been happy to accept the challenge of guiding our best 11-14 year-olds through their first forays into international competition, but it turned out that the British Ski Federation had no funds to pay me. So I had to decline - supporting my family financially was the priority.

Having no job waiting for me, and no qualifications other than a quarter of a century of top-level skiing, one option was to run ski tuition clinics for adult skiers.

the likes of Franz Klammer, and the World Tourism Games in Austria meant competing against travel agents and writers. A week in Aspen for the Land Rover 24 Hours Race was the most physically gruelling activity I have ever done. It hurt just to walk downstairs for days afterwards.

Freelance journalism was another growing source of income, but the television work which I had enjoyed during the previous two ski seasons dried up abruptly.

I did some work on Radio 5 Live's skiing programme, but even that slot has since been taken over by football.

Otherwise, most of the summer I looked after our daughter, while Lucy, my partner, was working. I occasionally did odd jobs such as decorating Lucy's sports therapy clinic and helping friends move house, as the British Ski Team let me keep one of their vans for a few months.

At last winter arrived, and the ski clinics went well. Skating slowly with clients, coaxing them towards the Holy Grail of the "carved turn", I discovered reserves of patience that I did not know I had.

One week, I even embarked on a lecture tour of Val d'Isère, around the bars and chalets, and discovered that people were ready to pay to hear me talk about the latest developments in ski technique.

As in so much of the ski industry, my work was seasonal, and summer was fast approaching. But mortgage payments know no seasons, and a regular job was beginning to look essential.

I considered turning my back on skiing and getting a job in the bonds and currency markets with a City broker. But then out of the blue, I was offered a job with a division of a national newspaper as ski consultant to its annual ski show and magazine.

It was a unique opportunity to help shape the trends in the UK ski market. I started my office job in April 1996, almost a year to the day after my final ski race. The first year of living safely was over.

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BEST WISHES FOR A MERRY CHRISTMAS AND A HAPPY NEW YEAR

Handwritten signature or note at the bottom of the page.



PERSPECTIVES

Gardening

Sussex verges on the pink

Robin Lane Fox finds the Sloane Wallys facing up, in traditional fashion, to blasts of hot Blair

For the 50th time this year, Veronica Sloane Wally threw the Weekend Section of The Times straight into the waste paper basket, having failed to find anything helpful in any of it...

predicament which any Sloane Wally can see coming a mile off. The New Labour government will be so restricted in scope for economic change that it will win its radical, pink spins by attacking the symbolic targets which make a Sloane Wally's life worth living.

As it stands, New Britain: My Vision is just the text to rouse a Sloane Wally to a pre-emptive strike. It is absolutely plain that the only approved group with any social differentiation will be those who are struggling to find new businesses, the seed-corn of the new socialism.

ing Families, she remembered her near-certainty that inheritance tax will wipe out all but the most basic legacy from Julian's ageing aunt, and that families who sit still will find themselves ground down by the Levy on Surplus, which will salvage the promises not to raise taxes.

She and Julian looked at each other over breakfast and said it at once together: Social Structures would be the brand name through which the Sloane Wallys can sell a market innovation under a title appealing to grant-holding bodies, embraced by the far Left.

Sloane Wallys have two distinguishing skills: keeping detailed photograph albums of events in their own lives and finding country craftsmen who will do things remarkably cheaply which they can then sell for a remarkably high price.

night in the Sloane Wally's main target area, small back gardens in the more fashionable end of Fulham, where research suggests that the new intake of corporate financiers will be uncertain how to spend yet another bonus.



Marie and Andrew Hubert von Stauffer are back on course and back in business

Minding your Own Business / Clive Fewins Christmas all year round

The Christmas decorations remain in evidence throughout the year at the Hubert von Stauffer's house. They come from all over the world, and there are hundreds of different types and styles.

Hubert von Stauffer's house. They come from all over the world, and there are hundreds of different types and styles. Officially we have stopped collecting Christmas mementoes and decorations, but when people offer us irresistible items we accept them with gratitude.

They are tucked away in boxes in odd corners of the 16-roomed house, perched on the edge of the Wye Valley near Ross-on-Wye, Herefordshire. Much of the rest of the building is still crammed with Christmas memorabilia ranging from eastern icons to cribs, candles, festive garlands and china figurines.

They started Christmas Archives International in 1976 and ran it from a terraced house in Cardiff until 1991, when health problems and lack of space made Maria decide to sell the collection she had built up over 40 years.

It last autumn for £62,500," said the countess. "That is the main reason for our loss this year. However the sale has enabled us to get back on our feet. We are investing some of the money in the conversion of an outbuilding into an archive store and also buying computer equipment that will enable us to transmit images electronically."

The couple describe themselves as "not figures people". Says Countess von Stauffer, 51: "We have wonderful accountants. We leave everything to them." The accountants have ensured that the two have not paid income tax throughout their loss-making years. However, they were unable to prevent the Hubert von Stauffers from losing £39,000 invested in 1993 in an abortive golf course project.

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The Nature of Things

The turkey's revenge

Many hazards may lurk in the festive meal, says Clive Cookson

Blasted with turkey and trimmings, you bite on the first mouthful of Christmas pudding and crunch - your tooth cracks on a silver coin. The next morning, Salmonella bacteria, which were lurking in the moist turkey breast, strike you down with terrible stomach cramps and diarrhoea.

Take the potato, for example. Most members of its genus, Solanaceae, are poisonous because they contain alkaloid toxins (such as atropine in deadly nightshade). The potato plant's toxin, solanine, is present in the leaves - and in the potatoes themselves if they are exposed to bright light, which triggers metabolic activity and turns them green. Green potatoes are poisonous even if well cooked, because solanine is a heat-resistant molecule.

"Solving one problem may have created a worse one." Something similar may have happened with a key ingredient of the pudding: the flour that binds it together. Until recently, most flour contained preservatives. Because we prefer additive-free food, these have been removed during the 1990s. Weevils, grubs and other small insects are now found quite frequently in commercial flour, just as they were in the pre-industrial era.

peril awaiting peanut eaters. If they are not stored properly, Aspergillus moulds grow on the nuts, producing aflatoxins. These carcinogens are believed to be partly responsible for the high incidence of liver cancer in Africa. In comparison with the peanuts, the meal that follows may seem safe. But beware the dimetridazole in the turkey. This antibiotic is fed to intensively farmed birds, to prevent outbreaks of an infection called black head. Although regulations specify that there must be an interval of at least six days between administering the drug and killing the turkey, residues may still have been laid down in the bird's meat.

downhill slope





BOOKS

# Three cheers for the surprise hits

Jackie Wullschlager reviews the year's international bestsellers and finds 1990s obsessions reworked in original ways

Asked a year ago to anticipate the international bestsellers of 1996, who would have come up with a memoir of Irish boyhood and a psychologist's investigation into intelligence? But it is the surprise hits, not the predictable byes, which really reveal the economics of taste, so three cheers for *Angela's Ashes* (HarperCollins, £16.99), a mesmerising reminiscence of a gruesome Irish childhood by 60-year-old schoolteacher Frank McCourt, and for Daniel Goleman's *Emotional Intelligence* (Bloomsbury, £16.99), which suggests that we cultivate EI - a mix of old-fashioned qualities such as empathy, self-discipline ("impulse control") and moral awareness - rather than IQ in the search for happiness ("mood-lifters") and success.

McCourt's book has done well in Britain but topped the charts in New York and Europe within days of publication. It is, in Joyce's phrase, a riverrun of a book, where the flow of memory, tactile, streetwise, lyrical, at once fixes and transcends the daily griefs and joys of a 1930s boy caught between drunken father, helpless mother, dying siblings and pompous priests. Goleman's study, which has sold 170,000 copies - 5,000 is good for a non-fiction paperback - points out that genius is mostly unbalanced and brilliant individuals don't earn top salaries. So don't worry about schools, work on your child's marshmallow test: an infant chooses to wait a few minutes for two marshmallows or grabs one immediately, the decision being "a microcosm of the eternal battle between ... id and ego, telling ... the trajectory the child will probably take through life".

What do these books share? An ugly duckling optimism (you can transcend what you were born with - moderate IQ, abusive background - by imagination or character), and a reworking of our favourite 1990s themes - childhood, memory, how the past shapes the present - in an original form. I loved the first for its art-out-of-pain triumph and idiosyncrasy, bowled at the second for its advocacy of bland normalcy, but commend both as proof that intelligent, eclectic books can swim against the tide of genre blockbusters and enthrall a wide audience.

Among other serious books which gained popular appeal, note the same 1990s obsessions.



*In the Blood: God, Genes and Destiny* (HarperCollins, £20) over 40,000 copies sold) was my science book of 1996; Steve Jones' enmeshing of science with culture shows how we now ask of genetics the questions once asked of philosophy and theology. Philippe Descola's *The Spears of Twilight* (HarperCollins, £20) reshapes our idea of the primitive in an exploration of an Amazonian tribe untouched by modern life yet as soap-operatically complex as any human community; this French anthropological masterpiece has the drama of a techno-thriller.

In fiction, it is no coincidence that three of 1996's strongest novels were about babies, roots, childhood fears and fantasies. Mary Morisy's *Mother of Pearl* (Cape, £9.99), about a kidnapping, and Seamus Deane's *Reading in the Dark* (Cape, £9.99), about family secrets in the 1950s, both on the Whitbread shortlist - Deane was also a Booker contender - are exceptional first novels by Irish writers; Margaret Forster's

*Shadow Baby* (Chatto, £15.99), picks up the themes of motherhood, guilt, abandonment, of her memoir *Hidden Lives*. As the Booker shortlist abounded, the historical novel, once derided as escapist, is a vibrant force in fiction. Margaret Atwood's *Alias Grace* (Bloomsbury, £16.99) and Beryl Bainbridge's *Every Man for Himself* (Duckworth, £14.99) are bold but intimate retellings of shocking historical incidents - a double murder in Canada, the last days of the Titanic.

Another *fin-de-siècle* nostalgic trend is the "decade" novel - the 1960s in A.S. Byatt's *Babel Tower* (Chatto, £16.99), Shena Mackay's *cbintz-and-crumplets* 1950s in *The Orchard on Fire* (Heinemann, £12.99). Our most eminent historical novelist, Fanelope Fitzgerald, won the 1996 Heywood Hill Prize for a lifetime's achievement in books, and her great love story, *The Blue Flower*, appeared in paperback (Flamingo, £3.99). The Heywood Hill, founded last year in response to a series of outlandish Booker choices, seems already to have

had a sobering effect on the Booker, for 1996's shortlist and winner - *Last Orders* (Picador, £15.99), Graham Swift's fine, taut portrayal of landscape and memory - were uncontroversial, distinguished, accessible.

For bestselling classic, there is no beating Jane Austen's *Pride and Prejudice* (430,000 copies sold in the Penguin edition alone since the BBC television serial last December). The rise of the classic is a marked feature of publishing in 1996. Anne Brontë's *The Tenant of Wildfell Hall*, for example, which usually sells 10,000 copies a year in Penguin, has sold 40,000 since the BBC serial last month. The classy *Everyman Sense and Sensibility*, average annual sales 1,000, sold 35,000. A farcical footnote to the autumn's war of the Austen sequels, in which Emma Tennant's lesbian *Emma in Love* (Fourth Estate, £12.99) vied with Rachel Billington's smarter *Perfect Happiness* (Sceptre, £14.99), Tennant's dreadful sequel to *Pride and Prejudice*, *Pemberley* (this year in paperback, Sceptre £5.99), has sold 140,000 copies.

Biography, the motor for our current interest in history, had a bumper year. Major achievements were Hermione Lee's groundbreaking *Virginia Woolf* (Chatto, £20), the second volume of the stately three-author *Lawrence, Triumph to Exile* (Cambridge, £29.95), by Mark Kinkadee-Weekes, and the second volume of John Richardson's *A Life of Picasso* (Cape, £20). Biographical battles - there were two *Thomas Manns*, two *Louis Carrolls*, two *Samuel Becketts* - testify to the current rush on literary subjects; of these, I vote for Anthony Heilbut on a homosexual Mann (Macmillan, £25) and Anthony Cronin on Beckett's last modernist (HarperCollins, £25).

Editions of letters, which bring us closer to an individual voice than even the greatest biographies, is another area where scholarship is dovetailing with popular interest. 1996 highlights were *Dear Writer, Dear Actress* (Methuen, £18.99), the heart-breaking letters of Chekhov, III and exiled to Yalta, and his wife Olga Knipper, stuck in Moscow as the star actress who brought

who made the link between artistry and genius so familiar that it now seems inevitable. Welcoming, also, to an elegant new *Everyman Lives of the Artists* (£20).

For popular biographies, royal women were flavour of the year. Respectful lives, with a dash of gossip, of *The Queen* by Ben Pimlott (HarperCollins, £20) and Sarah Bradford (Heinemann, £20); the page as the confessional for the tacky Duchess of York (*My Story*, Simon & Schuster £15.99) and her tackier rival biographers; veer and colour from Flora Fraser on Queen Caroline, George IV's cast-off wife, in *The Unruly Queen* (Macmillan, £20) - a Whitbread contender - and from Diana Souhami on *Mrs Keppel and Her Daughter* (HarperCollins, £18). Alice Keppel was Edward VII's lover and great-grandmother to Camilla Parker-Bowles, which is perhaps why this made the bestseller lists.

As gifts for any Scrooges in the family, two Christmas ideas. Michael Camille's *Master of Death* (Yale, £25), about the representation of death in art, is appropriately un festive yet visually stunning. *Founder* (HarperCollins, £20) is a riveting tale of how money talks: Amos Elon's biography of the first Rothschild who founded, from a cramped ghetto home, the dynasty which brought kings and princes begging at the door, is the story of the invention of multi-national haute finance and a moving family memoir.

Finally, some fat, beautiful books which would be a treat at the bottom of any Christmas stocking. Shirley Hughes' *Enchantment in the Garden* (Rodley Head, £9.99), my children's book of the year but, like all great children's books, also for adults: a tale of imagination and loneliness in Italy by an artist of enthralling power. A sumptuous memento of Copenhagen as 1996 City of Culture, *The Golden Age Revisited* (Gyldendal, DKR295) is an exquisite, illustrated history of the city's 19th-century Golden Age, which reads like a foreign *Middlenarch*, about a set of brilliant, crazy, claustrophobically united individuals, from Hans Christian Andersen to Kierkegaard. And, literary event of 1996, Vladimir Nabokov's *Collected Stories* (Weidenfeld, £25) - rapture packed between hard covers.

## Rereadings/Clement Crisp

### Money-grubbing Victorians

When Robert Maxwell's financial skulduggery became public, an astute commentator compared him with Augustus Melmotte. "Who's Melmotte?" asked a friend. The short answer was "A blustering scoundrel in one of Trollope's best and darkest novels", but this did less than justice to Melmotte or to *The Way We Live Now* wherein he features, which is my suggestion for a spiffing Yuletide read.

For those of us not addicted to the factitious jovialities of the season there have to be means of retreat to saner, quieter regions. What better than a roaring triple-decker novel? So, for a Christmas rereading, let me offer you *The Way We Live Now*. Published in 1874, it is Trollope's portrait of money-grubbing in the heyday of Victorian greed, when the stiffest social manners were faced with the lure of gold and the concomitant financial sharp-practice and fortune-bunting.

Its narrative is convoluted, constantly fascinating, yet its characters are almost all flawed and unsympathetic. It presents social attitudes at a crucial time, when early Victorian prejudice (against "trade"; against Jews) yields under the pressures of financial reward and commerce. "You know as well as I do", says a

no-longer young woman contemplating marriage with a Jewish banker, "that that kind of thing is all over now. City people are just as good as West End people".

The narrative centres upon Augustus Melmotte, of dubious antecedents and even more dubious reputation, whose financial bravado and manipulative skill have suddenly



blossomed into the semblance of a vast fortune. His daughter, Marie, is thought to be a "great heiress", and Melmotte's wish is that she shall marry an aristocrat. Among the contenders for her hand is Sir Felix Carbury, young, handsome as the dawn, and wholly dissolute, living off his mother who scrapes a living writing fashionable and foolish books.

Trollope's study of the Carbury and Melmotte

worlds, of the links and connections which take us from a fearful climb, *The Beargarden*, patronised by drunken and spendthrift young aristos, to the House of Commons, to deepest Suffolk and e county family on its uppers, has a stunning energy. His world is alive, teeming, and - what gives an added zest - the title seems not inapposite as we look at our own society a century later. There are still "examined commercial cormorants" (as Trollope calls Melmotte), and still those who feel of such people that "he is one whom we would not admit to our kitchens, much less to our tables, on the score of his own merits. But because he has learned the art of making money, we not only put up with him, but settle upon his carcass like so many birds of prey".

So we see the churning crowd of innocents, gulled by Melmotte's display of wealth, who hope that his Midas touch may enrich them. Where Trollope is especially good is in the gradations of social custom and belief, in those nuances of behaviour and feeling about whom one may know and whom one may not. It is an intriguing sidelight in a book which fixes acutely upon the social position of Jews at this time, that the most honourable character is the banker, Bregbert, who seeks to marry the daughter of a Suffolk squire. The father's diatribes ring horribly but truthfully.

Bregbert's grace of spirit is the only touch of reason and dignity in the tale. Trollope's panorama of this gold-rush is drawn with a beady eye. He does not, I think, moralise unduly, but he has no illusions. There results a picture which convinces utterly, and as it was first conceived as a serial, the onward drive of the action drags us happily along. It is time-travel of the most rewarding kind. And it is in paperback.

## A change of face for Santa Claus

Susan Moore on traditional and not-so-traditional books for the very young



"Bunched like a fist I clench fur as Great Lynx creeps on big cat's feet." Small boy meets big cat in Jonathan London's winter's tale, "Let the Lynx Come In". Set in a moonlit snowscape, the book is illustrated by Patrick Benson (Walker Books, £9.99).

is Sally Gindley's *Little Elephant Thunderfoot* (Orchard Books, £9.99) which moves from Thunderfoot's birth to the death of his grandmother, Wise Old One, at the hands of poachers, to the elephants' fear and their remarkable and moving ritual of mourning. There is a postscript of "elefacts", the last of which is that an elephant's only enemy is man.

The warnings of the conservationists have obviously been unheeded in Colin Thompson's futuristic tour-de-force, *The Tower to the Sun* (Random House, £9.99). For the last 20 years, the earth has been covered by a pall of yellow fog, shrouding mountains and skyscrapers alike and bathing all in a queasy twilight. The richest man in the world decides he wants to see blue sky and the warmth of the sun one last time. So, on the big-

gest rock in the world - Ayres Rock - 10,000 people begin to build a city to the sky.

Colin Thompson conjures a fantastical, Brueghal-esque Tower of Babel with the help of a machine that can move entire buildings from any corner of the globe. Up and up they pile until out pop the man and his grandson - and eventually everyone else in the world - atop the Tower of Pisa, to bask in the sunshine.

A few modern children's books seem to spin a really good yarn that it was a delight to find a number of exotic folk and fairy tales. In *Leo Lao of Dragon Mountain* (De Agostini, £9.99), Margaret Bateson-Hill draws on the traditional themes of Chinese folk tales to create her original story - in Chi-

nese as well as English - of Lao Lao, the old peasant woman who enchanted children with her beautiful paper-cuts - that is, until the cruel and greedy emperor learnt of her skill.

*Katie and the Dream-Eater* is a tale of the fabled baku who look after young children at night by eating up their bad dreams. It is brought to us by the Harvard and Oxford-educated Princess Takamado and engagingly illustrated by Brian Wildsmith (Oxford, £9.99).

Far less benign is the monster from the lake, Nabulela. In her book of the same title, Fiona Moodie re-tells a North Nguni folk tale from South Africa (Andersen Press, £9.99). Christina Ball offers striking illustrations to Christopher Moore's engaging adaptation, *Ishtar and Tammuz: A Babylonian*

*Myth of the Seasons*. Aubrey Beardsley at the Ishtar Gate (Frances Lincoln, £9.99).

Brian Wildsmith's baku is a kind of psychedelic Elmer, and our old friend, David McKee's patchwork elephant, pops up again this Christmas, literally this time, with *The Elmer Pop-Up Book*, a rather superior and amusing example of its genre (Andersen Press, £11.99). New tales of more old familiars also take a seasonal bow, from Judith Kerr's *Mog and the Ice Tea* (HarperCollins, £8.99) to Mick Inkpen's book and tape of *Kipper's Snowy Day* (Hodder, £9.99).

Jane Hissey fans will not be disappointed by the surprise resident of the playroom, *Hool!* (Hutchinson, £9.99). Nick Butterworth gives us more adventures of Percy the park-keeper in *The Treasure Hunt* (Collins, £8.99) and, for the smallest hands, there is a new open-the-flap Spot, *Spot Visits his Grandparents* (Warne, £7.99). With notable exceptions - among them another of Jo Lodge's funny sing-along pull-the-tab books, *If You're Happy and You Know It* (Bodley Head, £3.99) - I am tiring of inter-active gimmickry. The tabs tend not to work or last well, and with so few words they are not much entertainment for the person watching all the pulling, lifting or turning - or in the case of Anna Nilsson's *Where are Percy's Friends?*, the guiding of puppy through the slots.

I admired much more the boldness and clarity of Christopher Wormell's first book, *What I Eat* (Jonathan Cape, £4.99) and Steve Lavis' noisy farmyard counting book, *Cock-a-doodle-doo* (Ragged Bears, £9.99). I also applaud the idea behind Hannah Roche's baking bonanza for over three. *My Gran is Great* (De Agostini, £4.99). Between unappetizing re-readings of *The Night Before Christmas*, we will be cribbing its recipe for our Christmas cookies.

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BOOKS/ARTS

Television/Christopher Dunkley

# No smiles for smut

It is hard to imagine how anybody came to make *Gogs*, which begins on BBC2 at 8.50 this evening. The only hint in the billing which reveals that this is an Anasazi Animation Production for S4C (the Welsh language channel) in association with BBC Bristol. The Animation Unit at Bristol is the home of Wallace and Gromit, the creations of Nick Park who has had such a huge success with his stop-motion cartoons using Plasticine models, and Gogs uses similar techniques. But that is hardly explanation enough, unless you believe that the makers of *Gogs* looked at *The Wrong Trousers* and said "This is all very charming and funny, but there are no pees and poos here."

The *Gogs* are a family of cave-men who remind you vaguely of the Flintstones. However, this being 1996, and British television being the last bastion of stone-age feminism, it is Mum who drags the men home by the hair, and brainy daughter who draws helicopters on the wall of the cave while her dim brother goes "Flubber, flubber, flubber". It is hard to say who farts loudest or most often, Grandad or the baby. However, Baby Gog is unquestionably the winner when it comes to producing the largest stools and the most urine.

In Episode 1 they invent bows and arrows, shooting them into one another's heads, and one pulls the arrow out of his ear liberally coated in his own brains. Mum wipes Baby's bottom with a large leaf which she throws over her shoulder where it wraps itself around someone's face. In Episode 2 the chape try to catch a dinosaur but, being mere males, prove far too stupid and are kicked repeatedly in the genitals by the animal. Having fallen into their own warthog trap they are covered in excrement and urine by the warthog. And so it goes on. It is conceivable (just) that kindergarten smut of this type and quantity could be redeemed by overwhelming charm, but it does not happen.

Could this be one of the first pieces of work to reach mainstream television from young people brought up on computer games? It is only a guess, and a forlorn one, but it is difficult to think of another explanation.

Tomorrow afternoon's episode in *Citizen 2000* (3.45 Channel 4) is the latest in a very long running series. It began 13 years ago, documenting the lives of 20 Brit-

ish children due to reach adulthood, formally anyway, in the year 2000. Inevitably this series is compared (sometimes detrimentally) to Granada's famous *Seven Up* which, beginning with a *World In Action* special in 1964, has been recording the lives of children at seven year intervals. Tomorrow's *Citizen 2000* brings its children together to discuss life and their lives, and - the most powerful element in these programmes - to contrast today's individuals with their previous selves as seen in earlier episodes.

It is, of course, fascinating to watch people develop before your eyes, rather like a human version of those time-lapse film sequences in which a green shoot pushes out of the ground and blossoms into a flower in a few seconds. And yet, for all their youth and freshness, these brand new teenagers are not the most inspiring young people you have ever seen. There seems to be no spirit of rebellion among them, no determination to lay the world by the ears. They are, on the whole, boring, dutiful little beings who ape their parents and mouth platitudes.

True, Alexander - who looks like a rich sprig invented by *Spitting Image*, riding an off-road motorcycle around the family's thousand-acre estate and talking in Princess Di tones about "Rilly rilly good friends" - blows the gaff on the producers. He reveals that, in a previous programme, they promised not to use some remark of his about sex or girls, and then reneged. Including the revelation this time is presumably the producers' way of restoring trust. But you might have hoped that by the age of 13 one or two of the subjects would have started saying "Play games pig for your cameras? No thanks, Taa off!" Instead they seem hesitantly compliant and, in some cases, far too keen on playing up to the lens.

Perhaps we just need to wait a bit longer before we start seeing this series at its most effective. *Seven Up*, which must be due to reach 42 *Up* in 1998, gained its greatest fame with the episode in which its subjects reached the age of 28. In particular millions of viewers were struck by the change in a man named Neil who had been so lively when younger but became so lonely and depressed in adult life. This can be a peculiarly powerful form of television.



Caught up in the dark, bright, funny underside of New York society: scene from Richard Byrre's staging of the Loesser/Rumyon musical Alastair Muir

# Wild about the show

No-one could remain unmoved by this 'Guys and Dolls', writes Alastair Macaulay

Well, if this Christmas brings any present better than Richard Eyre's revival of his celebrated 1982 staging of *Guys and Dolls*, it will be a more than merry one; it will be jubilant. When did we last see an instant standing ovation on press night? And it is handsomely timed. Not only is it a hallowed part of Eyre's farewell season at the National - in 1982, it was his debut production at this theatre - it also commemorates the anniversary of Damon Runyon's death, 50 years ago this month.

As Act Two gets onto its great roll of classic songs, it seems that only the most shrilled of souls could resist them or it. At some point in "Luck, Be a Lady", shivers pass down my spine, and they keep returning from then on. The real seduction, however, has begun long before, as early as the first number of Act One: a canonic male trio that gives us vintage Runyonesque in an insidious overlay of syncopated vocal lines. Frank Loesser was one of the musicals' few masters of ensembles. Again and again, he creates - in musical terms - a world that celebrates human diversity and shows the larger harmony that can contain dissimilar people.

Which leads us to one of the main reasons why *Guys and Dolls* is deservedly loved: it absorbs us in

the world it creates. In truth, other (older) musicals have (yet) finer songs and scores, brighter wit of music and lyrics, greater ebullience, more expansiveness of spirit. But very few can touch *Guys and Dolls* in catching us up in a milieu. The dark, bright, funny New York society it assembles of gamblers, gangsters, showgirls and missionaries is intensely cartoonish in some ways, bizarrely stylised in its Runyonesque parlance in other ways - and yet it gives us a locale and a climate that we inhabit with glee.

The elaborate language of these people is so artificial - and yet they are spontaneous. And all of them are such small fry - and yet they express themselves with such lyric intensity. For behind the apparent corruption of the men are good manners and good faith; and behind the good manners and good faith, there is real innocence.

The whole contradictory nexus comes together in that great song "Sit Down, You're Rocking the Boat" - the *Guys and Dolls* nexus of corruption and innocence, artifice and spontaneity, littleness and largeness, individuals and ensemble. Watching and listening to this show-stopper, we rejoice, we laugh - but am I alone in also finding that, through the delight, it brings me close to tears? I hope not. Any-

and then the brief but wonderful passage of *dolce* singing in which she reaffirms her faith.

Clive Rowe is the Nicely-Nicely who brings down the house with "Sit Down, You're Rocking the Boat". He speaks in a high, tight caricature voice that is already funny; he can dance well too, better than so plump a man has any right to; and when he lets rip vocally in the final "Sit Down" encore, with a firmness of top and middle to the voice that beggars belief, he is transcendent.

As the Mission's lady General, Sharon D. Clarke has a great moment here too, standing on the tabletop with strings of pearls across her uniform and belting out a huge soul-sister descent. Wayne Carter, as Benny Southstreet, perfectly matches Rowe in the title song, singing well and dancing better.

"I've always thought how wonderful he would be if he was different." Miss Adelaide says about Nathan. But there is little I would want different about this production. John Gunter's sets, Sue Blane's costumes, and David Toguri's musical staging all add to the show's feeling of ebullience and perfection. Just to watch all the gamblers' hand choreography during "Luck, Be a Lady" is a joy.

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In National Theatre repertory at the Olivier Theatre, South Bank, SE1.

# Theatre Slowly down the river

Greenwich Theatre's Matthew Francis is becoming something of a veteran of the fashionable art of adapting novels for stage. His *Northanger Abbey* and *Tale of Two Cities* were laudable examples; now he has taken on the challenge of *Huckleberry Finn* as the theatre's Christmas show.

It is a choice that Hick's friend Tom Sawyer would heartily endorse, being as it is, fraught with tricky problems to overcome. Sure, the novel offers a powerful and tantalising image: young Huck and Jim, the runaway slave, floating down the Mississippi on a raft. But how do you suggest the sprawling, picaresque nature of the novel and keep the action taut enough for the stage? How do you get across the mighty presence of the Mississippi? How do you preserve the untroubled voice and free spirit of *Huckleberry* and convey Twain's more cynical view of the people he encounters? And how do you control the many sub-plots and characters and still keep the play focused?

For the most part, Francis (who also directs) negotiates his way around these difficulties with great success. Quickly he establishes who Huck is and what he has to contend with: the threatened return of his violent, drunk father or the well-meaning admonishments of the spinster who has taken him in. We are led jauntily through Huck's exploits, as he stages his own death and runs away, only to meet up with Jim, who has fled in fear of being sold to an unprincipled slave-trader. Francis threads nimbly through the story as the two float downriver on their raft.

This stage version manages to preserve the fact that this is an adventure story, while never losing sight of the serious issues at its heart. Huck's decision to stand by Jim, in defiance of all he has been taught about slaves, is a profound endorsement of the abolitionist's cause.

Indeed, the most successful aspect of the production is the relationship between Huck and Jim. Daniel Newman plays Huck with an appealing mixture of innocence and williness and Clive Lewellyn leads Jim with great dignity and warmth. In the first half when their relationship is at the centre of the story, the production goes swimmingly. It is after the interval, when the story widens out to take in some of the odd characters they meet that the play begins to sag and the production with it: a bit of fierce pruning could only do this bit good.

Once Jim is recaptured and the story proper gets back on the tracks, the show becomes gripping again. But there is much about the production that is very good and the cast are most enjoyable, particularly Andrew Muir as the self-styled buccaner, Tom Sawyer.

Sarah Hemming

Greenwich Theatre, London SE10 to January 25 (0181 858 7755).

# Fairy tales for adults

Max Wilkinson on the best of the 1996 audio books

A man might think it odd if his wife gave him a book of fairy stories for Christmas. But he would happily tell the neighbours that she had taken him to Mozart's *Magic Flute* or to Shakespeare's *Midsommer Night's Dream*, which depend on fairies and talking animals as much as any children's tale.

Magic can certainly be enjoyed by adults, not only in Homer or Shakespeare but in poetry such as Tennyson's *Morte d'Arthur*, in science fiction, and more subtly in the stories of magic realists such as Gabriel Garcia Marquez or in *Sophie's World*, the bestselling philosophy primer by Jostein Gaarder.

Even so, true fairy tales are widely thought to be unsuitable for unaccom-

panied adults, as some readings in the growing library of audiobooks sadly confirm. However, two new versions of *Grimms' and Hans Christian Andersen's* fairy tales in Penguin's Children's Classics series break triumphantly across the age divide.

Two of the four readers, Andrew Sachs and Alan Cumming, are veterans of Penguin's 18-hour verse anthology, a truly magical performance which I reviewed last Christmas (Penguin English Verse in 6 volumes, £9.99 each). Both bring to these classic tales that blend of high serious-

ness with humour so essential to good poetry reading. They are joined by Nigel Davenport and Juliet Stevenson, who share the ability to convince us that they believe what they are reading.

Thus old favourites such as "The Emperor's New Clothes" become wonderfully charged with satire. This is not just about an emperor who walks naked through the streets. Davenport's inflections show the politics of leading a whole town to believe their emperor was robbed - or rather to reject the belief that he wasn't. He understands (as great writers do) that magic achieves its best effects when the audience is lulled into a sense of normality.

A different reading of the same story by Erica Johns (*Andersen's Fairy Tales - Naxos Audiobooks*) shows how easy it is to brank the spell and make such tales seem only childish. Johns reads technically well, with all the funny voices, but it is done in a slightly patronising told-to-the-children tone - with special stress on nouns and adjectives to ensure that the young do not miss the meaning. She also emphasises the points of strangeness which might make children smile and adults fidget. She thus turns the story into a wonder of far-off lands, whereas Davenport's rendering reminded me of British party politics.

Yet one should not take fairy stories too seriously, as Simon Callow does in his reading of Oscar Wilde's *Fairy Tales* (Hodder Head-

line £9.99). These are, indeed, tales of great beauty and moral purity. But Callow enunciates them with too elaborate a perfection. I caught myself being irritated by the little nightingale who sang all night long with her heart pressed to a thorn, making the white rose red. She is surreal, of course, but she must also be an ordinary bird.

Adult perceptions of children's fantasies create special difficulties for a reader

## The greatest of all adult fantasies is Homer's 'Odyssey'

of Arthur Ransome's *Swallows and Amazons*. Although the book delights many grown-ups, others consider it silly: just six children pretending to be pirates and explorers. Its imaginative power is to create a heightened perception of the natural world through children's fantasies. Sheila Mitchell's reading of the full text (ISIS £24.99), creates a fatal obstruction to this understanding. She uses her skills as a mimic to give each character an identifiable, childish, voice. This fixes them as children and their fantasies as childish games.

But Ransome's genius was to colour an acutely observed lakeland scene with the magic of make-believe. It was not just Titty

pretending that a small Cumrian promontory was overlooking the Pacific. Ransome wants the reader to believe it too, and to catch the wonder of stout Cortez as he stood surveying that ocean for the first time, "silent upon a peak in Darien". For this reason, the children must seem more grown up than they really are - and the adult world more trivial.

For any who are not convinced, I would unhesitatingly recommend the greatest of all "adult" fantasies, *Homer's Odyssey*, splendidly read by Alex Jennings (Penguin, 9 hours, £20.99). E.V. Rieu's pioneering prose translation, now updated, sounds in my ears just a little - well, prosaic - compared with the later blank verse translation by Robert Fitzgerald. However, Rieu succeeded well in his main object, which was to make the great poem easily accessible to any English speaking reader. These tapes, reverting perhaps a little towards the ancient tradition of reciting Homer, certainly bring the epic vividly to life.

That other great *Odyssey*, James Joyce's *Ulysses*, benefits even more from being read aloud. I was not the only student who found that reading it was a difficult pleasure. The performance by Jim Norton with Marcella Riordan chipping in as Molly Bloom (Naxos, 4hrs 50 min, £9.99) is a revelation. Norton brilliantly dramatises the inner musings of Leopold Bloom, with rapid shifts in the colour of his voice to

suggest all the dimensions of reality in this day in the life of Dublin city in 1904. He is also wonderfully Irish, making the characters spring to life from Bloom's inner meanings then subside again. Norton holds this work with the surest of touches, as the prose swerves between learned irony, broad humour and Joyce's delicate moments of beauty and pathos. His rendering of the catechism, in pedagogic-official, of Bloom's and Dedalus's drunken progress through the city brings tears to the eyes. It should have been longer.

If you have time and money left, find £12.49 for the 1964 Broadway recording of Richard Burton's towering *Hamlet*. The sound quality is dated, and the American actors do not match his genius, but this is surely a performance against which all others will be measured. Burton also recorded a faultless selection of John Donne's love poems (Harper Collins £6.99) and his famous reading of *Under Milk Wood* is reissued by the BBC (2 CDs, £11.99). All are musts for Burton fans.

Finally, I greatly enjoyed Dirk Bogarde's reading of Thomas Mann's *Death in Venice* (Reed £8.49), so deeply irritated by the first of the BBC history series, *This Sceptred Isle* (10 vols, £99.99) and give a reluctant "maybe" to Philip Madoc's reading of *The Decline and Fall of the Roman Empire* (Naxos, 7hrs 53min, £16.99). Madoc rather chops up Gibbon's sumptuous prose, but one can get used to anything in such a cause.

For further information and titles: The Talking Bookshop, 11, Wigmore Street, London W1H 9LB Tel: 0171 491 4117. Fax: 0171 629 1946.

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**THE ARMY BENEVOLENT FUND**



ARTS

Martin Hoyle goes in search of the seasonal spirit, starting with music and opera on TV The Devil has the best tunes

Let's pass quickly over such ersatz treats as BBC2's unworthy Christmas in Vienna this afternoon: faves sung by Domingo and Michael Bolton, introduced by Paul Gambaccini. Being besieged by the Turks afforded the Habesburg capital more dignity than this. Tomorrow afternoon's Messiah from Scratch is probably more fun to attend five than to watch (2 again), but it is as Christ-massy as a nervous BBC television allows itself to be these days. Even the Service of Nine Lessons and Carols from King's (the radio is not ashamed of calling it this) is billed in the ZTV section of Radio Times simply as Carols from Kings (Christmas Eve 4.45pm) with the nauseating RT blurb about "time to cluster around the TV for a spot of communal singing" - have these people the faintest idea what the service is? Christmas Day is marked by a burst of Victorian religiosity, rather surprisingly by Channel 4 - though their broadcast of Welsh National Opera's Faust takes a controversial view of Victorian



Humping off with dishonour: scene from WNO's 'Faust' on Channel 4

hypocrisy. Richard Fairman judiciously commented on the vitality, abundance of ideas and occasional humour of Christopher Alden's production, and there's no doubt about the musical quality: Sir Charles Mackerras conducts, Janice Watson, Britain's latest home-grown international star, is the ill-fated Marguerite, and Alastair Miles romps off with the (dis)honours as the devil usually does. Promptly as Faust ends switch over to BBC's Ariodanti, another superb operatic occasion. Produced by Christopher Alden's twin brother, the even more controversial David (the producers' names are mentioned nowhere in RT), this is the stylised ENO version whose hallucinatory baroque looks marvellous on the small screen. Ann Murray, in one of her greatest roles, Joan Rodgers and Lesley Garrett lead a vintage cast. After the tales of seduction, diabolism, greed and insanity which the media see fit to celebrate Christ's nativity, it is a relief to turn to the traditional transves-

tism of Boxing Day. Not a pantio as such, but Swan Lake, the sold-out production by Adventures in Motion Pictures with its all-male line-up of swans. More traditionally, Rossini's Cenerentola starts at lunchtime, with the toothsome Cecilia Bartoli as an Italianate Cinderella. Both BBC2, which has also been playing host to the Choir of the Year. The six finalist choruses slug it out on Sunday Dec 29. As ever, the New Year is sealed with a concert from Vienna (Jan 1 BBC2). Riccardo Muti conducts the world's best, if last all-male, orchestra, introduced by by Brian Kaye. Operatic zoology features largely on Jan 2, as BBC2 gives us the Paris Châtelet production of Janáček's Cunning Little Vixen, produced by Nicholas Hytner and conducted by the ubiquitous (and very welcome) Mackerras; and Channel 4's lunchtime is enlivened by an animated version

Dance on TV/Clement Crisp Making steps

Amid the awful, the indigestible and the unwanted it is good to report that the Christmas season will bring some excellent dance programmes. There are things for the devotee as well as for the bored and most interesting are a trio of programmes on Channel 4 in which three choreographers speak about their work and indicate something of their creative procedures. It is a sad fact that some choreographers can talk a very good ballet - but the interest lies in the words rather than the steps. You can sense the truth of this in part of Just Dancing Around (silly title), but Mike Figgis's documentary about William Forsythe making a piece for his Frankfurt Ballet is a sharp, revelatory study. I make no bones about my dislike of some of Forsythe's work, but Figgis's intelligent camerawork, Forsythe's super-intelligent comments, and the vein of urgency that runs through the film make for tense and exciting television. Forsythe's own demonstrations and the micro-second verve of his dancers are irresistible. And the Frankfurt Opera's Intendant is a hero. He speaks with massive good sense and no less massive admiration of Forsythe's role in the theatre. Would that other opera house bosses were as wise. Very different - very, very different - the slightly boly manner of Trisha Brown as she sets to work dismantling Bach's Musical Offering, which is just the sort of piece a post-modern creator should turn to as her first use of a classical score! It is cerebral, desiccated stuff, but Brown holds nothing back about the jig-saw manner of her compositional methods. Mark James catches the authentic feel of her dances, and the archival material is fascinating. The third creator is Richard Alton, seen at work on Sometimes I Wonder, which was 13 versions of Stardust set to dancing. Alton speaks well, explains, and Mark Kidel captures Al-

Old films and fossicking

As ever, the BBC has appropriated Christmas, combining frivolity with quality (that phrase is copyright). Channel 4 seems uncertain what attitude to take to the festivities and falls back excessively on old films. The BBC has a wealth of resources to draw on. If we grift our teeth at the prospect of tonight's Jim Davidson's Generation Game ("there's a game involving giant balls"), we can console ourselves with the now traditional Christmas. Only Fools and Horses - making its farewell to the screen (three specials starting on Christmas Day). More jolly seasonal fare with Cruel Train (tomorrow BBC2): an updating to the 1940s of Zola's La Bête Humaine. Lust, murder, blackmail and locomotives, with David Suchet, Saskia Reeves and Alec McCowen. Even that old Christmas stand-by, Dickens, begins a series of An Audience with Charles Dickens by reading

and performing the murder of Nancy from Oliver Twist. Dickens himself would be physically and emotionally exhausted by his efforts. Who better than Simon Callow to re-incarnate fruity theatricality? (Monday, BBC2). Traditional values are also upheld by the charming Eversley Story of Country Life, the magazine of that name blithely continuing to uphold aspects of British life that politically-correct townies snarl "never really existed" but which may be more durable than political-correct townies. Christmas actually gets a look in on Christmas Eve with a Brittas Empire special, Surviving Christmas. An acquired taste with a dash of surrealism, beautifully performed (BBC1). Mrs Merton has her special, while BBC2's Arena: Cae-

sar's Writers recalls an American comedian who flopped on British TV but whose scriptwriters became famous (Mel Brooks and Neil Simon among them). Me I'll plump for the fascinating Being There - Antartica. From snowy to sandy wastes: Saint Ex (Christmas Day, BBC2) fields a starchy cast - Miranda Richardson, Bruno Ganz, Janet McTeer, Eleanor Bron - in the story of writer-pilot Antoine de Saint-Exupéry. Boxing Day's One Foot in the Grave: Starbound combines over-familiar situations with improbable plotting. I think this series should let the other foot in by now (BBC1). Fine Cut: Crumb (BBC2) also looks familiar: the creator of Fritz the Cat has been treated before on TV though not perhaps so frankly. Dec 28 sees the return of that established favourite, the series of Royal Institution Christmas Lectures. Professor Simon Conway Morris takes children - er - fossicking (BBC2). That other fossil Victor Meldrew appears in the shape of actor Richard Wilson, learning to be a cowboy in Way Out West (Dec 29 BBC1). Obvious

idea obviously executed. More worthwhile, the sort of adaptation the corporation does so well, is The Moonstone (Dec 29 BBC2). Wilkie Collins' thriller, the first English detective story (with Anthony Sher as the trail-blazing Sergeant Cuff) comes with a good pedigree (director of Clarissa, actors from Sense and Sensibility and Karaoke). The year expires in a morass of round-ups, repeats, retrospectives and golden moments, but 1997 breaks promisingly with Global Sunrise: Around the World in 80 Minutes, which is just that, and The Mill on the Floss, George Eliot directed by Graham Mackintosh (of The Politician's Wife), both on BBC1, Jan 1. And for inimitable light entertainment on BBC2, who better to salute the New Year than Portuguese super-singer Tony Ferrino? The old world's answer to - er - a question that has to be found.

Need facts and figures in a hurry?

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Radio drama - and off-beat quirkiness

The last word associated with the lugubriously-toned John Peel is "festive". Addicted popsters will doubtless snooze through his three-hour Festive 50 on Radio 1 this afternoon. Radio 2's Dame Edna's Aural Experience (5pm) is more like it (guests range from J. Lumley to S. Bassey via Lady Healey and Lord Archer). Vivian Ellis's underrated melodic charms are remembered in Spread a Little Happiness tonight (Radio 2). So are pig farmer Miranda Shuflebotham (I kid you not) and moiré beautician Amanda, in Angela Rippon's survey of grooming, The Way You Look Tonight (5pm). Otherwise Radio 2's scoop is archive material including Jack Benny (tonight) and Laurence Olivier in A Christmas Carol (Christmas Eve), more successful than the ancient radio versions of screen classics with James Stewart and John Wayne. And heretics may feel Gielgud and Richardson in The Blue Carbuncle (a 1982 BBC production on Christmas Day) pale before Carleton Hobbs and Norman Shelley in the great days of Children's Hour. Drama is better served by Radio 3's conscientiously multi-racial Cymbeline (Dec

22) with Juliet Stevenson as Imogen, a part she was born to play. Dame Edna pops up again, confiding her Private Passions to Michael Berkeley on December 28: her musical choice ranges from the Andrews Sisters in Khachaturian (yes) to Percy Grainger's "Gum-Suckers' March". Well, we did ask. Radio 4 predictably comes up with the greatest variety. Drama includes Frances Hodgson Burnett's Little Princess this afternoon with a good cast led by Julia Macenzie. Tomorrow's Alice in Wonderland looks even more promising, with Roy Hudd, David Bamber and Ken Campbell among the fantasy characters encountered by Sarah Jane Holm's pert miss. The Jericho Players' blend of Chekhov, Fiddler on the Roof and wry, Jewish tragedy-comedy, with Warren Mitchell, Fenella Fielding and veteran David Kossoff as an old strolling actor in Tsarist Russia. When you think of it, 90 per cent of Dickens is totally inappropriate to Christmas, which doesn't stop Radio 4

churning out the nail-biter about the nymph and the paedophile hunchback dwarf to celebrate Christ's nativity. A new serialisation of The Old Curiosity Shop starts on Christmas Day. Tom Courtenay is a wonderful Quilp, and look out for Michael Maloney (a current Hamlet) as Swivelair. And Riddle Walker (Dec 29) is a haunting adaptation of Russell Hoban's futuristic novel of post-holocaust power struggles. Apart from drama, Radio 4's riches are reflected also in Foreign Correspondence (Dec 22), a selection of impressions on Berlin from pens as varied as Wagner, George Eliot, Lenin and Harold Nicholson. Not to be confused with a bumper From Our Own Correspondent (Dec 28), a compilation of the best of 1996's reports. The standard is very high indeed. Correspondents Look Ahead (New Year's Eve) collects prognostications from foreign postings, besides Portland Place. On the humour front, Miles Kingston's Dear Diary (Dec 23) unearths the Christ-

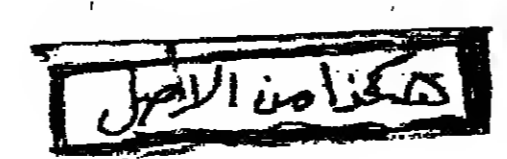
Music as you like it

Radio 3 offers the most interesting holiday fare, as one might expect. Today Michael Berkeley is the confidant of Sir Vitus Moser, described in advance publicity as "a keen music-lover" though his lasting bequest to Covent Garden (where he once held sway) is the totally unsuitable Die Fledermaus. Live from the Met is its new production of Britten's Midsummer Night's Dream with a fine cast (and our own Peter Rose's Bottom, as seen at ENO). The interval talk provides the fascinating revelation that Britten and Pears shared a Brooklyn house with such names as Paul Bowles, Carson McCullers - and the stripper, Gypsy Rose Lee, she of Gypsy fame. Could Ben have flirted with the idea of an operatic treatment...? Christmas Across the World provides 12 hours of

international music on Dec 22, starting in St Vitus Cathedral in the magical city of Prague at 1pm and ending with bells from Finland. Britain's contribution is a considerable performance of Bach with mouth-watering soloists (Kirby, Bowman, Bostridge, Wilson-Johnson) from St Giles, Cripplegate. Radio 3's composer of Christmas week is Tchaikovsky - plus Madama von Meck: Alex Jennings and Anna Massey read their letters. Slightly more conducive to festive jollity is the statutory Messiah on Christmas Eve: modern instruments, Huddersfield Choral Society and all, though oddly conducted by Roy Goodman who would be happier with a handful of authentic practitioners. Not so jolly Christmas Day has Bruckner's Ninth, introduced by Stephen Johnson. Voices Christmas Party with Ian Burnside playing host to Kit, the Widow and Ann Murray, should be a hoot (not the most tactful word to use of mezzo-sopranos, but you know what I mean). No hooting from Cheryl Studer's Leonore in Fidelio (Boxing Day matinee), a recording of Beethoven's opera from this year's Salzburg Festival. Relax later with medieval music for the Feast of Fools within New London Consort. Radio 4's Tales from the Organ Loft reveals a new and rakish arena, a world of twitchers racing around the country in search of tuba magna or contra bourdon. More main-

stream is December 28's Met relay of Humperdinck's Hansel and Gretel with Dawn Upshaw and Jennifer Lawrence, conducted by Andrew Davis. If you think you know this delightful score, or dismiss it as children's entertainment, think again. The following day we remember Walter Legge of the Philharmonia, Columbia and Elisabeth Schwarzkopf (reader, she married him). A perfectionist, a real musician and a strangely unlikeable man. 1997 opens with Leonard Bernstein as Composer of the Week. Excuse me, but hasn't he been here before? And needless to say, The Music Machine ends 1996 in its spiritual home, America, at the Massachusetts Institute of Technology (Dec 30). Less hackneyed is Les Fêtes d'Hébé, Rameau's opera-ballet performed by William Christie's Arts Florissants (New Year's Eve). Mystery of the month: what will Classic FM's Jotanie be like? There are precedents - Ned Sherrin's Rotepayers' Iolanthe and Metropolitan Mikado, for example; but Christmas Day offers Denis Healey as the Chancellor, Tony Banks as Private Willis, Teresa Gorman as a fairy and Geoffrey Howe as one of Phyllis' noble suitors. Recorded at Westminster - oh well, it can't be more preposterous than the real thing...

ART GALLERIES ANNE REDPATH/JOAN EARDLEY until 18th January 1997, Duncan R Miller Gallery 144 West Regent St, Glasgow 0141 204 0706 for information.





INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

CONCERT Concertgebouw Tel: 31-20-6718345 Christmas Eve: by Rimsky-Korsakov. Conducted by Valery Gergiev...

EXHIBITION Van Gogh Museum Tel: 31-20-5705200 St Lawrence Alma-Tadema: retrospective exhibition of the work of the painter Lawrence Alma-Tadema...

ATHENS

CONCERT Athens Concert Hall Tel: 30-1-7282333 Nicolas Kynaston: the organist performs works by J.S. Bach, Franck, Roger-Ducasse, Reger and others...

BARCELONA

EXHIBITION Fundació Antoni Tàpies Tel: 34-3-4870315 Robert Motherwell: exhibition featuring about 80 works by Robert Motherwell from American and European collections...

BERLIN

CONCERT Konzerthaus Tel: 49-30-203090 Symphony No.9 in D minor, Op.125: by Beethoven. Conducted by Alun Francis...

OPERA Staatsoper Unter den Linden Tel: 49-30-20354438 L'isola Disabitata: by Haydn. Conducted by Alessandro DeMarchi...

BONN

EXHIBITION Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200 Die Grossen Sammlungen V: Museo Nazionale di Capodimonte, Naples...

BRUSSELS

EXHIBITION Musée Communal d'Beelles Tel: 32-2-5119384 Alfred Kubin (1877-1959): exhibition focusing on the work of this Austrian graphic artist and painter...

CANBERRA

EXHIBITION National Gallery of Australia Tel: 61-6-240-8411 Paris: in the Late 19th Century: this major exhibition - which is the result of a collaboration between the National Gallery of Australia and the Musée d'Orsay in Paris...



'Adoration of the Magi' by Andrea Mantegna. See Bonn

Gauguin, Cézanne, Monet, Renoir, Vuillard, Denis, Géricault, Toulouse-Lautrec, and others; to Feb 23

CAPE TOWN

EXHIBITION Michaelis Collection - Old Town House Tel: 27-21-248367 Pictures from a Golden Age: this exhibition brings together a selection of old master paintings from the Dutch School to be found in the collections of South African art museums...

COLOGNE

CONCERT Kölner Philharmonie Tel: 49-221-2040820 Weihnachtsoratorium (Cantatas 1, 4, 5 and 6): by J.S. Bach. Conducted by Winfried Toll...

COPENHAGEN

EXHIBITION Ny Carlsberg Glyptotek Tel: 45-33 41 81 41 DRUM - a place in Ireland, photographs by Klaus Clement: this exhibition comprises a series of around 50 photographs of a particular individual observed in the local pub in Drum, a small Irish village...

DUBLIN

EXHIBITION Irish Museum of Modern Art Tel: 353-1-8718866 Beverly Semmes: New and Recent Sculpture: American artist Beverly Semmes uses sculptures to address issues surrounding the body and feminism...

EDINBURGH

CONCERT The Queen's Hall Tel: 44-131-6683456 Messiah: by Handel. Performed by the John Currie Singers and Orchestra; 7.30pm; Dec 22

FRANKFURT

EXHIBITION Museum für Moderne Kunst Tel: 49-69-21230447 Szenenwechsel X: exhibition featuring works by Albert Oehlen, Robert Rober, Jochen Filzner, Helmut Blum, Miriam Cahn, Nobuyoshi Araki, Larry Clark, Jock Sturges, Rosemarie Trockel, Arka Dobrowier, Ed Ruscha, Bernd and Hilla Becher, Thomas Ruff, Max Mohr, Markus Ratz, Stephan Balkenhol and Herbert Hamak; to Jan 5

GLASGOW

EXHIBITION Hunterian Art Gallery Tel: 44-141-3305431 Robert Burns (1759-1796) - The Crawford Years: for the last 15 years of his life, the Scottish artist and designer Robert Burns worked almost exclusively for the Crawford family...

HAMBURG

CONCERT Musiktheater Hamburg Tel: 49-40-3469820 NDR-Sinfonieorchester: with conductor Herbert Blomstedt and the Hamburger Alsterspazier

tip-trucks parked on the Gallery lawn lit up with an ethereal blue light, with the effect that their trays become massive light boxes; to Feb 18 Spink & Son LTD. Tel: 44-171-9307888 Lindy Guinness: 'Across the Irish Sea': an exhibition of recent oils and watercolours of Irish landscapes by Lindy Guinness; to Dec 24

JAZZ & BLUES Purcell Room Tel: 44-171-9804242 Jazz 'n' Voices Christmas Gala Concert: vocalists Julie Dexter, Zena Edwards, Sophia Jones, Maxina Daniels and Alison Evelyn, pianist Robert Mitchell, saxophonist Owen Baptista, double bass-player Darren Taylor and drummer Daniel Crosby perform Christmas music; 8pm; Dec 23

LOS ANGELES

EXHIBITION Huntington Library, Art Collection and Botanical Gardens Tel: 1-818-405-2100 Celebrating William Morris: Selections from the Sanford and Helen Berger Collection: exhibition devoted to the craftsman, designer, poet, printer and socialist William Morris (1834-1896)...

HELSINKI

EXHIBITION The Museum of Foreign Art, Sinebrychoff Tel: 358-9-17336380 Paper Mirror - Reflections from Rembrandt to the Present: works by Outi Heiskanen, Marja Kanervo, Kirsi Tiitinen and other contemporary graphic artists are presented alongside works by masters such as Rembrandt, Goya and Piranesi...

INDIANAPOLIS

EXHIBITION Indianapolis Museum of Art Tel: 1-317-925-1331 Painting in the Age of Enlightenment: Goya and his contemporaries: exhibition of some 60 paintings by Goya and his contemporaries, including Goya's 'The First Lady of Spain'...

LAUSANNE

JAZZ & BLUES Théâtre de Beaulieu Tel: 41-21-6432211 The Harlem Gospel Singers: an evening of spiritual, blues and jazz standards from one of the finest exponents of the genre and featuring Queen Esther Marrow, 'The First Lady of Gospel'; 8pm; Dec 23

LEIDEN

EXHIBITION Museum de Lakenhal Tel: 31-71-5165360 Jan van Goyen: a major retrospective exhibition devoted to the work of Jan van Goyen (1598-1656), celebrating the birth of this Dutch landscape painter 400 years ago...

LONDON

CONCERT Barbican Hall Tel: 44-171-6384141 Mozart Festival Orchestra: with conductor/harpist/chorist Ian Watson, soprano Erhan Davies, violinist David Juritz and trumpeters Crispian Steele-Perkins and Edward Hobart perform works by J.S. Bach, Pachelbel, Clarke and others; 3pm; Dec 27

DANCE Royal Opera House - Covent Garden Tel: 44-171-2129234 Cinderella: a choreography Frederick Ashton to music by Prokofiev, performed by the National Ballet; 2pm & 7pm; Dec 28

EXHIBITION Serpentine Gallery Tel: 44-171-4026075 Bill Culbert: an outdoor light installation by Bill Culbert, involving

several of Beckmann's triptychs; to Jan 5

OPERA Metropolitan Opera House Tel: 1-212-362-6000 Hansel und Gretel: by Humperdinck. Conducted by Andrew Davis, performed by the Metropolitan Opera...

PARIS

DANCE Théâtre des Champs-Élysées Tel: 33-1 49 52 50 50 Ballet Flamenco Antonio Canales: perform Antonio Canales' Torero to music by Jiménez, Gianoli and Golem, and Antonio Canales' a Cuerda y Tacón to music by Jiménez; 8.30pm; Dec 23, 24, 26, 27

EXHIBITION Musée d'Orsay Tel: 33-1 40 49 48 14 Le paysage américain photographique (1861-1890): a photography exhibition documenting both the early years of the art and the adventures of American explorers, captured in wild landscapes such as Niagara Falls; to Mar 2

PRAGUE

CONCERT Exhibition Ground-Vystaviste Tel: 42 2 6679 8111 Luciano Pavarotti: the tenor performs works by Verdi, Puccini, Mascagni, Leoncavallo, Rossini, Strabala and Biddi; 8pm; Dec 22

ROME

EXHIBITION Palazzo della Esposizione Tel: 39-6-4742218 Burt Opera 1944-1995: retrospective exhibition featuring work by the Italian painter Alberto Burri from the 1940s onwards; to Jan 15

ST PETERSBURG

EXHIBITION The State Hermitage Museum Tel: 7-812-3113801 Western European Applied Art of the 18th-19th Centuries: this exhibition of works from the museum's collection includes about 100 objects of western European applied art of the 18th to the 19th century...

TOKYO

CONCERT Suntory Hall Tel: 81-3-35849999 Tokyo Philharmonic Orchestra: with conductor Neeme Järvi, soprano Mari Mikkorikawa, alto Yumiko Kan, tenor Yoji Kawakami, bass Toshiyuki Kinura and the Serzoku Gakuen University Choir perform works by Wagner and Beethoven; 2pm; Dec 22

MADRID

EXHIBITION Museo Arqueológico Nacional Tel: 34-1-5777912 Vida Cotidiana en Tiempos de Goya: this exhibition, marking the closing of a year of exhibitions and other cultural events commemorating the 250th anniversary of Goya's birth, aims to draw a picture of Spanish life in Goya's time by showing objects created by peasant farmers, housewives, craftsmen and artists...

MEXICO CITY

EXHIBITION Museo del Palacio de Bellas Artes Tel: 52-5-5101388 BUÑUELI La mirada del siglo: this exhibition, centered around Luis Buñuel's film 'La edad de oro', focuses on work by people who inspired Buñuel or were themselves inspired by his work. The display features some 500 works, including paintings, drawings, sculpture, books and photographs...

NEW YORK

CONCERT Avery Fisher Hall Tel: 1-212-875-5030 George Winston: recital by the pianist; 8pm; Dec 22

EXHIBITION Guggenheim Museum SoHo Tel: 1-212-423-3840 Max Beckmann in Exile: this exhibition examines Max Beckmann's years in exile (1937-1950), focusing on works created during this period that relate specifically to his struggles as an expatriate in Holland and the US...

several of Beckmann's triptychs; to Jan 5

OPERA Metropolitan Opera House Tel: 1-212-362-6000 Hansel und Gretel: by Humperdinck. Conducted by Andrew Davis, performed by the Metropolitan Opera...

PARIS

DANCE Théâtre des Champs-Élysées Tel: 33-1 49 52 50 50 Ballet Flamenco Antonio Canales: perform Antonio Canales' Torero to music by Jiménez, Gianoli and Golem, and Antonio Canales' a Cuerda y Tacón to music by Jiménez; 8.30pm; Dec 23, 24, 26, 27

EXHIBITION Musée d'Orsay Tel: 33-1 40 49 48 14 Le paysage américain photographique (1861-1890): a photography exhibition documenting both the early years of the art and the adventures of American explorers, captured in wild landscapes such as Niagara Falls; to Mar 2

PRAGUE

CONCERT Exhibition Ground-Vystaviste Tel: 42 2 6679 8111 Luciano Pavarotti: the tenor performs works by Verdi, Puccini, Mascagni, Leoncavallo, Rossini, Strabala and Biddi; 8pm; Dec 22

ROME

EXHIBITION Palazzo della Esposizione Tel: 39-6-4742218 Burt Opera 1944-1995: retrospective exhibition featuring work by the Italian painter Alberto Burri from the 1940s onwards; to Jan 15

ST PETERSBURG

EXHIBITION The State Hermitage Museum Tel: 7-812-3113801 Western European Applied Art of the 18th-19th Centuries: this exhibition of works from the museum's collection includes about 100 objects of western European applied art of the 18th to the 19th century...

TOKYO

CONCERT Suntory Hall Tel: 81-3-35849999 Tokyo Philharmonic Orchestra: with conductor Neeme Järvi, soprano Mari Mikkorikawa, alto Yumiko Kan, tenor Yoji Kawakami, bass Toshiyuki Kinura and the Serzoku Gakuen University Choir perform works by Wagner and Beethoven; 2pm; Dec 22

MADRID

EXHIBITION Museo Arqueológico Nacional Tel: 34-1-5777912 Vida Cotidiana en Tiempos de Goya: this exhibition, marking the closing of a year of exhibitions and other cultural events commemorating the 250th anniversary of Goya's birth, aims to draw a picture of Spanish life in Goya's time by showing objects created by peasant farmers, housewives, craftsmen and artists...

MEXICO CITY

EXHIBITION Museo del Palacio de Bellas Artes Tel: 52-5-5101388 BUÑUELI La mirada del siglo: this exhibition, centered around Luis Buñuel's film 'La edad de oro', focuses on work by people who inspired Buñuel or were themselves inspired by his work. The display features some 500 works, including paintings, drawings, sculpture, books and photographs...

NEW YORK

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CHESS

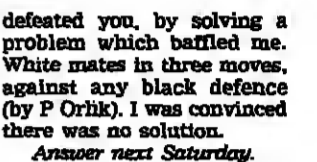
What was the most important chess blunder? Some would argue for mate in two missed in a world title match, or for Karpov's overlooking a win to beat Kasparov 6-0 in 1984-85; but I suggest the Rice Gambit.

Isaac Rice, a rich US industrialist, was playing his favourite King's Gambit against a friend and play went 1 e4 e5 2 f4 exf4 3 Nf3 g5 4 h4 g4 5 Nf5 6 Bc4 65 7 exd5 Bx6. Rice meant to play 7 d4, but blundered his knight by 8 0-0! Rxe5 9 Re1.

To the surprise of both, White swiftly gained a winning attack, and the Rice Gambit was born. Obsessed with his pet move, Rice sponsored awards and even tournaments and matches to test it. GMs kept the controversy going with new moves for both White and Black.

From 1900 to 1904 the Rice Gambit was possibly the major contributor to the world chess economy, even though White's king was weak and the best the GMs could find were drawing lines.

What finally killed the gambit was Rice's own success in persuading world champion Lasker to test it in



defeated you, by solving a problem which baffled me. White mates in three moves, against any black defence (by P Orlik). I was convinced there was no solution. Answer next Saturday.

Leonard Barden

BRIDGE

The mysteries of so many bridge hands are lost forever in the hurriedly shuffled deck. Keeping the cards in front of you, duplicate style, allows you to review the action and either bask in your glory, or learn from your indiscretions...

and North-South scored up their game. This would have ended the matter had the cards not been available for review. When the hand was replayed, it became clear that the contract was doomed. At trick three, when the third spade was led and South ruffed in with J♣, West should refuse to overruff.

Now, when South crosses to dummy to take the heart finesse it loses, and West will also score his ♠ later to set the contract.

To tempt the defender to overruff incorrectly, declarer might try ruffing originally with Q♣. This should not work, because West should always hesitate before overruffing with a natural trump trick.

However, unless West foresees the possibility of a trump promotion, he may play automatically, his mind already set on the forgoing shuffle and the fortunes of the next deal...

Paul Mendelson

This week's prize crossword is a larger Christmas special and appears on page 11



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James Morgan

# Asods' law is universally applied

But is especially irritating during this season of climatic incorrectness

**D**uring this season we in the northern hemisphere dream of distant sun and long days. But my time south of the Tropic of Cancer sowed the seeds of what I now identify as Acquired Seasonal Obsessional Dysfunctional Syndrome - Asods.

It started while I was living in Malaysia. I would come home in November and grow strangely irritated as people endlessly remarked: "I suppose it's summer over there then."

Through gritted teeth one replied that the point of the tropics is that there is no summer.

Things got worse over time. In April, I flung a novel called *Takeover* in the path of an air

stewardess; it described the "heat of a tropical midsummer night".

The condition might not have deteriorated had I not ventured south of the equator. The fact that February is high summer in most of South America is no problem but that the sun goes the wrong way is. From right to left.

Nobody else notices or cares. In my case the Asods virus has broken down the immune systems that enable one to ignore minor changes effected by the movement of the earth or one's movements about it.

Those who are immune become the source of rage and fury. This popular novelist, Robert Goddard, in his work *Past*

*Caring*, set certain crucial events in South Africa, in September 1902. Thereafter the protagonists make frequent reference to the "events of the autumn of 1902". But September is spring in South Africa.

Today my son hides his collection of Goddard's oeuvre and the author is not discussed in my presence. Today is, for many, the winter solstice; for my family it marks a time of trial as the obsessional nature of my affliction lets rip. There will be seasonal fare on television that will cause great stress.

Everyone must know the problem but only I will protest. It will be manifest as you watch a Christmas drama; there will be a family exchanging presents in

front of a blazing open fire. But outside you can just see that the boughs of the trees are heavy with leaf and the sun stands high over the lawn. Concentrate on this and your Christmas will be ruined.

The first evidence of my heightened form of Asods emerged while watching a TV serialisation of J.B. Priestley's novel, *The Good Companions*, some years ago. At one point in this drama the cast, a group of itinerant players, perform in a pantomime. For those outside Britain, a pantomime is a per-Christmas dramatic entertainment that turns a familiar fairy tale into farce. Anyway, the players at one point move by train from one venue to another. From

the carriage, the viewer could discern golden fields with what appeared to be harvesting taking place.

Uproar ensued. Family life is ruined by such trivia and this is the main symptom of the affliction. It is not that one's own enjoyment of some facetious entertainment is undermined, but that one wishes to infect everybody else. And it is at Christmas that the dangers are at their greatest, for this is the season of the winter's-tale-made-in-summer.

But this year generally has been bad. The film of the book *Emma* contained consecutive scenes where the protagonists wot strawberry picking. And then they had a picnic. At the

picnic, tomatoes appeared in abundance. And apples in the background. No early 19th century English table could have been thus arrayed. June, August and October were united in a single day. I thought the whole cinema should know.

The only solution is to confront the problem head on. If one suffers from a fear of flying one should fly and familiarity will breed not contempt but acquiescence. I am, therefore, planning an exciting film or TV drama centred on the next Winter Olympic. It shall be called "Black Grapes, Red Tulips". I am in the market for a screenplay. Season's greetings.

James Morgan is BBC World Service economics correspondent.

## Peter Aspden Don't ask me why



We never seem to hear very much about chaos theory these days, which is a shame. I well remember the *frisson* of excitement I felt when I first heard that the flap of a butterfly's wing in the Australian outback could cause a tree branch to fall on my head, or a Spice Girl to say something intelligent about politics, or the football team I support to score a goal.

I loved the idea, simply because it gave scientific legitimacy to the ancient and subversive belief that, no matter how we plan our lives, there is something out there which is hatching its own grand narrative for you. My personal preference has always been for the existence of wild, capricious gods who routinely vent their wrath on humanity because they have had a taxing morning; but I understand that theory is a little discredited now, and I am prepared to accept the modern version.

Both Zeus and the gang and our fluttering friends on the other side of the world (and I won't even begin to talk about the Christian God, who is altogether a more complex character) are inventions which cater for the same basic need: to help explain the inexplicable.

It is the single greatest source of human anxiety: the realisation that there is no absolute *quid pro quo*, no intrinsic relation between doing and being done to, no intrinsic sense of cosmic justice in the world. From Aeschylus to the Silver Surfer, Hamlet to Morrissey, this is the one question that haunts us, that prevents us from feeling deliriously happy about our lives: Why? (or Why Me?, as it is more usually framed).

### In the land of the free there is little room for determinism

It is fascinating to watch the way in which different cultures deal with the big imponderable. In general, those old societies riddled with a history of war, oppression, and sadness cope rather well with life's vicissitudes. Talk to an artist or politician from eastern Europe, for example, and you are never far away from an ironic aside or the knowing curve of the mouth which announces that things may be like this today; but who can say about tomorrow?

When Tadeusz Mazowiecki emerged victorious as the new Prime Minister of Poland in the 1980s, he made his first visit to the Council of Ministers building in Warsaw and declared: "The windows are very small and the room is very big. It made me a bit afraid." This poignant declaration, so rich in metaphorical meaning, should be pinned to every prime minister's residence in the world. But not every political leader carries the gloomy baggage of recent Polish history on his or her back.

In the New World, such melancholic demeanour is frowned upon. Imagine an American president dispersing such negative vibes in the wake of his election (perhaps Bobby Kennedy at his most soulful might have brought it off, but look what happened to him). In the land of the free, there is little room for determinism. Which other nation would house its cultural metropolis on a seismic eruption waiting to happen? And which other nation could take the notion of an "earthquake-proof building" - a tempting affront to nature if ever there was one - at all seriously?

In general, those societies which have become more secular have little patience for the unpalatable idea that there are limitations to the desires of the human will. Hubris is a stranger to them. But the inexplicable will still happen; and the victims of random misfortune will still demand explanations: why me?

Hence the insatiable appetite of contemporary science to illuminate the dark, scary corners of the human condition, where the simple chains of cause and effect mysteriously become undone. We are bombarded ever more fervently by nutritionists, psychologists, physicists, claiming to have found the various keys to long and fulfilling life. We are offered the prospect of a definitive gene map, which contains sure guidance to physical health and, by extension, prosperity.

But I, for one, feel much happier simply hoping that the butterfly's wings are with me today; or that Apollo is not in too ugly a mood as I walk to work in the morning. Some of life's surprises - good as well as bad - are not meant to be explained away. Cultivate the chaos in your life, and enjoy.

### Private View

# The voice of Christmas to the world

On Tuesday about 250m people will tune in to the King's College choir. Christian Tyler met its head chorister

**O**utside, a Feuland fog clung to the chapel walls. Inside, the last shreds of a grey afternoon had been filtered out by stained-glass windows of midnight blue. Electric lamps threw their beams up delicate ribs of fan vaulting. Below, the faces of the choristers, huddled like refugees in the empty church, were gently illuminated by glass-shaded candles.

The music director took his place between the choir stalls, facing *The Adoration of the Magi*, a large Rubens altarpiece uncomfortably wedged beneath the East window. Bending towards a discreet microphone on his stand he asked for an E minor chord from an invisible organist. The choir of King's College, Cambridge, was at practice.

On this occasion the choir had an audience of one. On Tuesday an estimated 250m people will switch on their radios to hear it sing the Festival of Nine Lessons and Carols, the traditional Christmas Eve service.

Americans organise brunch parties for the broadcast; in South Africa they take it with cocktails on sun-baked verandas. And because radio waves travel faster than sound waves, the outside world will hear the singing before the people crammed at the back of Henry VI's chapel.

The 14 young men and 18 boys of the famous choir are used to audiences. Yet, the most nervous moment of the year will have to be faced half a minute before the broadcast begins when director Stephen Cleobury chooses one of them to sing the solo opening verse of *Once in Royal David's City*.

Last year the finger of fate pointed to Edward Saklatvala. "It's quite a good feeling to know you've done it well," he told me before the practice. "But it is quite nerve-racking."

This year, having just turned 13, Edward's veteran status is recognised in his honorific title of Head Chorister. His duties include "writing things up on the board, looking after Mr Cleobury's music and getting the crock lined up."

The boys walk in crocodile formation down to the chapel from King's College School on the

other side of the River Cam, dressed in their "Ettons" - a uniform of stiff collar, waistcoat, striped trousers, short jacket and top hat. In summer they have to run the gauntlet of what Edward described as "the Japanese tourists with their hi-tech cameras."

He added: "We had to walk through the middle of New York in our Ettons once."

Was that humiliating?  
"No, it was quite fun."

A lot of church choir music is bought these days by people who have not the slightest interest in religion. It is said to be popular with drug-takers, for example, and has become a staple of the "crossover" market. The Benedictine monks of Santo Domingo de Silos in northern Spain sold more than 6m albums of their Gregorian chant in four years. I asked Edward if he found it odd.

"Well, not really. I mean, it is

### If a singer botches a note in rehearsal, he raises a hand to show he is aware of the mistake

just music. I don't think it's that weird."

What do you think about while singing: the music or other things?  
"In a normal service I sometimes think about other things. But if a lot of people are listening you concentrate on getting things right."

Does it improve the singing if you think about the meaning, about God?  
"Mr Cleobury does go on about that quite a lot. He says it's not like reading out the football scores or something like that."

Do you feel moved while you sing?  
"It really depends what we're singing. Some pieces are just quite boring."

Among "boring" composers he counts the 18th century William Byrd, whose music he compared to "dice-rolling with weighted dice. It's nice to listen to because it's quite nice music. It's just that it's boring to sing."

Some pieces like Stravinsky are just completely random, very difficult but not absolutely really nice." He professes the up-beat Victorian Sir Charles Stanford because he is lively and complex.

What about pop music?  
"Anything from Oasis, the Spice Girls or the Fugees."

About the choir's in-house pop group, Poison, however, he was not complimentary.

Choristers must be good all-round musicians. If a singer botches a note in rehearsal, he raises a hand to show he is aware of the mistake so that the choir can continue uninterrupted. Today they were practising *The Song of the Cherubim*, a difficult-sounding work of ethereal Russian bass by the modern Polish composer Penderecki. When they came to the end of *Song to the Virgin Mary* by his compatriot Panufnik, Cleobury congratulated them on their stamina.

Edward is a violinist as well as a singer - "a stunning violinist" according to his housemaster. He plays not only Bach and Mozart but also Grieg, Brahms and Shostakovich. He hopes, like his elder brother, to get extra-mural coaching at a music college when he moves on to St. Paul's School in London and perhaps return one day to King's as a choral scholar.

"I don't know what singing would be like professionally, like Pavarotti or something. But I mean just at the moment it's fun. The choir gets around quite a bit," he added, mentioning this summer's tour to South Africa.

"We were going to sing in the Madonna film, but Mr Cleobury didn't want us to."

Who are your main rivals?  
The head chorister answered without hesitation: "John's."

St John's college choir down the river may be less well known than King's but it has a high reputation. "They sound quite different," Edward said. "When we sang the Tippett negro spirituals in a joint service, their ten-



The chorister to sing the opening solo is chosen at the last minute. Last year it was Edward Saklatvala. Lydia van der Meer

or... I wouldn't say he sang the notes, he just sort of shouted them."

St John's also has a junior school and Edward added with some satisfaction: "We haven't lost a cricket match against them for, oh, well, not since I've been here."

Other domestic rivals include the choir of nearby Trinity College (which includes girls); New College and Christ Church in Oxford; Winchester Cathedral and the Roman Catholic Westminster Cathedral in London.

Asked about a career, Edward seemed to want to emulate his father. Jeremy Saklatvala is a

professor at the Charing Cross Hospital in London who plays the cello in his free time. His wife, Teresa, is editor of a science journal and their three other children - George, Kathryn and Eleanor - all play one or two instruments.

The surname comes from a Parsee merchant family in Bombay. Shapurji Saklatvala, Edward's great grandfather, was a celebrity: he was a co-founder of the Communist Party of Great Britain in 1920 and, representing North Batterssea, became the first man to win a seat in parliament on a Communist ticket.

"As seasonal workers, with services, concerts and broadcasts in

store, the King's choristers have a truncated Christmas break. For the boys, there is compensation in the form of visits to the cinema and the pantomime, a choristers' disco, and presents worth up to £15 from the college.

On Christmas morning there is a treasure hunt at school. The headmaster, Andrew Corbett, dresses up as Santa Claus and goes into hiding with their Christmas stockings. "He's always either in the chorister's block or the common room," Edward said. After singing the morning service in chapel - usually Mozart - they are released to go home to their families.

### Truth of the Matter

# Feasting is good for us

We have enough spare cash to eat long, happy meals and succour the needy

But apart from the gastronomic elite for whom eating deliciously and extravagantly is an art form or at least a "statement", there still remains a solid cadre of caring people who find themselves annually troubled and uneasy about the Christmas binge.

They are the people who look down the right-hand side of the menu before they look at the dishes to which the prices are attached. They do not buy wine which costs more than £5. They top up uneasily the number of blind children in Bangladesh who could have their eyesight restored for the price of a meal for four in a London restaurant. Even when someone else is paying the bill, doesn't it stir a twinge of angst?

But feasting is good for us. It is a way of celebrating the community of family and friends. It loosens the constraints and softens the edges of relationships. It

opens windows into the hearts and feelings of our neighbours and kindles affection. It suggests for a few happy hours that the generosity and good humour generated by shared physical delights might be the true human condition. It is the next best thing to a sauna with none of the awkwardness. We need our feasts, our long and happy meals, to remind us that this kind of intercourse keeps us human. The wonderful film *Babette's Feast* says it all.

But just over the horizon is Rwanda and Bosnia. On our doorsteps people are sleeping on the street. In freezing tenement blocks single-parent families spend less in a week than our friends. They are the mental skeletons at our feasts. Most people block them out. We can become consumed with a kind of schizophrenic paralysis thinking of

them. Usually we end up by sending a cheque to Save the Children and get on with stuffing the turkey.

Serving a great Cathedral forces this dilemma down one's throat every day, not just at

Christmas. All that beauty. But this beauty is expensive. The music is ravishing but extravagantly costly; vestments and robes cost thousands; the printing bill is horrendous; the heating bill is worse; 90 employees

have to be paid; people have to be entertained, births and birthdays celebrated, deaths ceremoniously observed. Above all, the building has to be conserved and cared for. It all costs millions.

And just over the horizon is Bosnia and Rwanda, the poor and dispossessed of the world for whom, according to the Gospel, we should have a particular care. Are we traitors to them?

So in such a place we have a duty to keep sharply etched in our imagination painful images of the world's cruelty and pain. We have exhibitions of photographs which trouble us daily and shock some of our visitors. We have to promote and sustain major programmes offering practical support and material sustenance - in our case focusing on the Sudan and its appalling griefs. All that awful pain has to be held in the middle of all that surpassing beauty.

We try to cling on to both the beauty and the pain. Without the pain the beauty has no heart. Without the beauty the pain has no hope. A cathedral is one way of keeping alive a rumour of angels in a seemingly dark and cruel world.

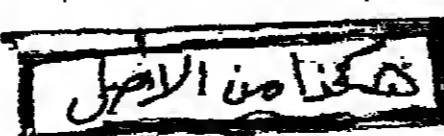
There is an ancient Chinese saying: if you have only two pennies left in the world, spend one on a loaf to keep you alive and the other on a rose to give you something worth living for.

As we stuff the turkey we might do a mental sum of what our little feast is going to cost, and on New Year's day send a cheque to Save the Children.

Some will go on to fast for them in Lent. Both feasting and fasting keep us in touch with our humanity. For the truth of the matter is that we have enough spare cash to feast ourselves occasionally and succour the needy.

We may also recall that Jesus said Heaven is a Feast, raise a glass in prayer for our friends in the Sudan, and look forward to being able to vote to restore the cuts in this country's overseas aid. For some it promises to be a Happy New Year.

Hugh Dickinson





Current takeover bids and mergers

Table with columns: Company, Value of bid, Market price, P/E ratio, Value of bid, Bidder. Includes companies like AFCA, Afton, Biffaldi, etc.

Results due next week

Table with columns: Company, Sector, Accounting date, Last year, This year. Includes INTERIM DIVIDENDS for Moy & Sme.

Dividends are shown net of tax per share and are adjusted for any intervening stock issues. Figures are not normally available until about six weeks after the board meeting to approve preliminary results.

Bids / Deals

Hostilities in energy

One of the busiest weeks for bid activity culminated yesterday with the closure of CalEnergy's \$788m bid for Northern Electric - one of seven hostile battles in the UK market.

In the Pink Playing the percentages - for the sake of charity

Kevin Goldstein-Jackson looks at corporate giving and asks whether the money could be put to a better use

I know it is the Christmas season because, with every post, I get more begging letters from charities. Give money to one and you could get deluged by lots more, as some charities sell their mailing lists.

Are executives hobnobbing with the great and the good hoping to pick up an honour?

Sometimes, unscrupulous business people give money to charity, in a haze of self-sought publicity, in an attempt to get people to think that they and their businesses are honest and respectable.

Last week's interim results

Table with columns: Company, Sector, Year, Profit, Dividend, P/E ratio. Lists various companies and their financial performance.

Flights issues

Pratt & Whitney to raise £21m via a 1-3 rights issue @ 180p. Pratt & Whitney to raise £13m via a 5-20 rights issue @ 330p.

Offers for sale, placements & introductions

Coated is to raise £12.5m via a placing and open offer. Crayfish's Century is to raise £3.1m net via a placing and open offer of 15.2m new shares @ 20p.

Last week's preliminary results

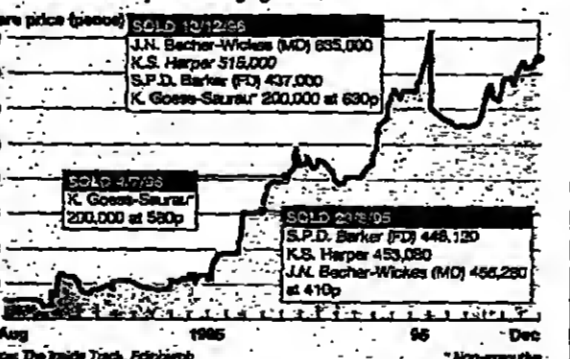
Table with columns: Company, Sector, Year, Profit, Dividend, P/E ratio. Lists various companies and their preliminary financial performance.

New issues Newcastle thinks big

Newcastle United Football Club this week unveiled plans to list on the stock market to pay for a new £55m football stadium and a £25m remodelling of its existing St James' Park ground.

Ideal Hardware

Four directors of Ideal Hardware, the computer data storage group, sold shares to the value of £11.3m following good interim results and a bullish statement by the managing director.



Directors' share dealings

Table with columns: Company, Sector, Shares, Value, No of directors. Lists transactions for various companies.

Table with columns: Company, Sector, Shares, Value, No of directors. Lists transactions for various companies.

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# Weekend Investor

Wall Street

## 'Tis the season for Triple Witching

### Turmoil on the money markets embroils John Authers in another primeval rite

ADD another primeval rite to the holiday season. Yesterday saw a ritual which is celebrated with total turmoil on the money markets: Triple Witching. Nothing to do with Halloween, it is the name given to the four days each year when options on stocks and indexes, and futures on indexes, expire simultaneously. It usually creates immense and apparently irrational market volatility.

While derivatives were not solely to blame, Wall Street certainly had a crazy week. Before yesterday's mayhem, when the Dow Jones Industrial Average gained 60 points in the first half hour of trading, it had registered on Thursday its second highest points gain ever, up 126.87 points for the day, mainly in reaction to healthy trade deficit figures.

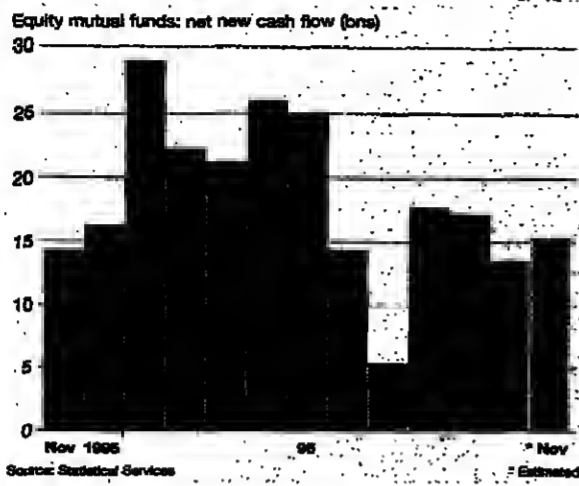
On Tuesday there had been heavy selling, on somewhat improbable speculation that the Federal Reserve, meeting that day, would raise base rates. Houshig figures also suggested the economy was growing faster than had been thought. And on Monday trading was so volatile that the "up-tick" and "down-tick" rules were triggered. These are in place to restrict excessive computer-driven selling on days when the market is significantly up or down. And on that day, the Dow was at different times both up and down 50 points compared with its opening, only the second time this has happened.

The net result is less impressive than these huge swings suggest. Thursday's close, of 6,473 for the Dow, was identical to its close on Tuesday the week before. Its eye-catching daily rise was only 2 per cent, a gain that had been managed in a day more than 100 times before.

Away from the technically induced ferment on the trading floor, America's small investors had the opportunity to take stock. The closing weeks of December are also the cue for a welter of fresh statistics on the mutual fund industry, which has provided marketeers with a reassuring flow of cash.

This has brought the industry under unprecedentedly tight scrutiny. And this has revealed many practices

### Still more buyers than sellers



and policies which unit trusts, their British counterparts, ought to emulate.

The Investment Company Institute confirmed that mutual funds had had a record year. As of the end of October, there were 6,201 funds with combined assets of \$3,390bn, of which 48.7 per cent was in equity funds.

Net new cash flow (new money minus redemptions) to stock funds for the year to October was \$192.62bn, more than double the \$97.51bn for the same period last year, and comfortably ahead of the \$128.33bn recorded for the whole of 1995.

Inflows as a percentage of total assets were not particularly high. Average monthly inflow was 1.36 per cent of total assets - up from 1 per cent in 1995 and 1.24 per cent the year before, but well below the levels of 1993 and 1992, when in-flows ran at 1.74 and 1.47 per cent of assets. Flows are not at an unsustainably high level.

There have been winners and losers among the managers. Vanguard, high priest of low charges, and best known for its cheap index-tracking funds, attracted \$20.7bn in new assets by the end of the third quarter, according to Strategic Insight, a New York research group. That money increased its assets by 14 per cent compared with the beginning of the year, before market gains are taken into account. It is now the second largest US fund group, behind only Fidelity.

The impact of charges can be overstated. Investors still care most about investment

London

## How the runes square up

### Philip Coggan is no Nostradamus - however ...

WHAT most investors would like for Christmas is a consultation with Mystic Meg or Nostradamus, giving them a clear picture of the stock market's movements in 1997. Should they pile into the market or get out while London is at an all-time high?

Alas, this column has no clairvoyant qualities, but it can bring you the forecasts of some of the leading UK equity analysts. Among the most bullish is Bob Semple, equity strategist at NatWest Securities. He thinks that the UK will enjoy decent economic growth and rises in profits and dividends through the year. "A new Labour government will be tough on both monetary and fiscal policy which will allow bonds to rally, and lower bond yields will drive equity markets next year," he says.

Worries about the election

and the first Labour Budget may give the market a rough ride in the early part of the year. But by the end, Semple expects the FTSE 100 index to be in the 4,500-4,600 range.

Some analysts are worried about a setback on Wall Street next year but if that occurs, Semple believes that the spread between Footsie and the Dow Jones Industrial Average should narrow.

Ian Williams, UK equity strategist at Pammure Gordon, is also upbeat, with a Footsie target of 4,500 by end-1997. "Analysts are underestimating the strength of earnings," he says. "The economy is going to grow by 3.8 per cent in 1995 and that will be a big help to corporate profits."

Although base rates are expected to rise in 1997, Williams says, "a rise in rates to 7.5 or 8 per cent, compared with the sort of moves we have had in the past, is really not that great. People tend to forget that the mar-

ket can go up when short rates are rising."

Nor is he worried about the election. "Our inclination is to look through the politics at the economic fundamentals," he says, adding that "the perception of international investors is that Gordon Brown is a safe pair of hands."

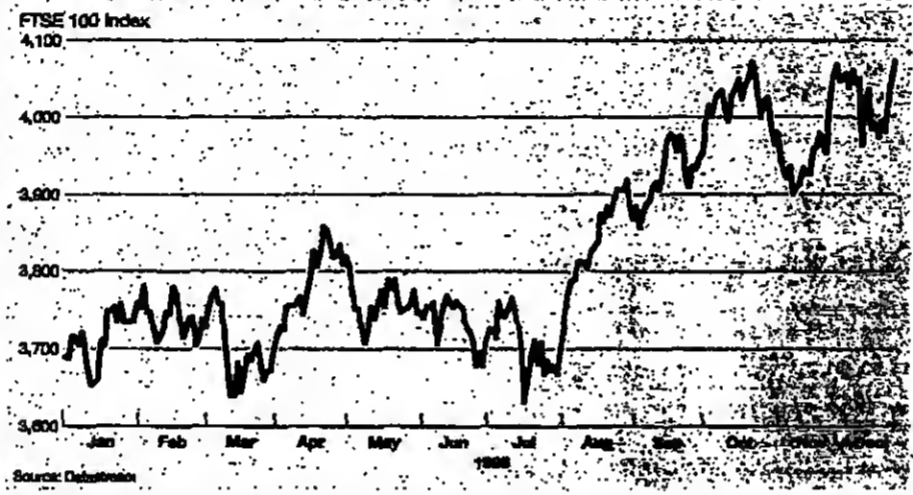
Robert Buckland, UK equity strategist at HSBC James Capel, says: "We are not expecting much help from interest rates in 1997. But if rates only go up to 6.75 per cent by the end of the year, it will not undermine the market. Meanwhile profits and dividends should grow at 10-11 per cent, and if the market goes up in line, Footsie will hit 4,400."

Another area of support, he argues, is that investment institutions already have 5.6 per cent of their portfolios in cash. "That is well above the historical average and nearly twice the level prevailing before the 1987



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### 1996 was good: what about 1997?



Highlights of the week				
	Price	Change	52 week	52 weeks
	1 day	on week	High	Low
FTSE 100 Index	4077.6	+106.2	4077.6	3576.9
FTSE 250 Index	4448.4	+90.1	4448.4	3589.7
AOT	1380	+177.6	1950	968
British Aerospace	1208	+83.5	1210.5	779
British Airways	742.5	+87	742.5	308
BSI	529.5	+49	607	378
Cycle Petroleum	119.5	+38.5	121.5	55
GN	982.5	+49	1198	765
General Accident	780	+72	770	612
Leopards	808	+16	782	628
Newman-Tanks	151.5	+48	151.5	99
Patric (p/c)	393	+36	400	205
Scottish Holdings	681	+48.5	698	524
Sherrwood Group	44.5	+14	48	36
Wills Coroon	142	+10.5	168	116.5

crash," he says.

The global team at Kleinwort Benson has a very bullish forecast for Wall Street, and this puts a constraint on Philip Isherwood, the group's UK strategist. "The question is to what degree we follow Wall Street down," he says, "but if it does fall you have got to remember to buy it. We believe the UK is a cheap equity market relative to a cheap bond market. Domestic worries, on politics, inflation and earnings, are overstated." Isherwood's short-term downside target for Footsie is 3,650 but he expects a strong rebound later, taking the leading index to 4,350 by the end of 1997.

Richard Keraley, equity strategist at BZW, is predicting that Footsie will end 1997 at 4,300. "The UK looks good in relative valuation terms because it has been a poor performer in local currency terms in 1996, in terms of equities as well as gilts. The convergence story has helped other bond markets but not the UK, while the UK has been virtually the only place in the world where interest rates have gone up. But interest rates may start going up in other places in 1997 as the world economy recovers."

Mark Tinker, the UK strategist who recently moved from James Capel to UBS, thinks that corporate earnings will grow by 8.9 per cent in 1997 and Footsie should rise in line to hit 4,300. "I can't see anything that will sustainably change the market's rating," he says. "Interest rates may rise to 6.75 per

cent but not to a level that would crowd out equity investment. A Labour election victory is priced in on the macro-economic side, although there is a risk that a new government could hit the corporate sector with excessive regulation."

Richard Jeffrey, Chartered Institute of Economists, hatched Footsie to finish 1996 at 4,000 and is going for the same level at the end of 1997. "The index may reach better levels at mid-year. The market could go up 10 per cent or so as investors become more optimistic about economic growth and the outlook for earnings."

But in the second half of the year, investors will become more nervous about inflation and interest rates and Footsie will fall back," Jeffrey expects inflation to hit 4 per cent by the end of the year and base rates to reach 8.5 per cent.

The most bullish view is taken by Mark Brown, head of strategy and economics at AIM-Ammo Hoare Covert. He thinks Footsie will drop to 3,700 by the middle of the year before rebounding to finish 1997 at 3,900, still below current levels.

Brown expects bond yields to rise round the world, as activity recovers, and this will put the brake on equities. Corporate earnings may also be squeezed by a tightening labour market. Dividend growth is slowing, he says. Payments rose 9 per cent in 1996, and he is looking for 7 per cent in 1997 and 6 per cent in 1998.

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